Distinctive

JOHN KEELLS HOTELS PLC ANNUAL REPORT 2019/20



Distin

Cline

Every passing minute, across all our hotels, thousands of guests are living an adventure that will be cherished for a lifetime. As a pioneer in the industry, our distinct blend of style, service standards and passion have given us the ability to remain young in the hearts and minds of travellers worldwide, with our refreshing brand promise of 'inspired living'.

This report details our distinctive approach towards navigating a challenging year in the hospitality industry. It discusses how we strived forward with determination to create sustainable value for our stakeholders while focusing on our future strategic investments, repositioning ourselves for growth in the years to come.

Join us, as we craft a distinctive path towards the future.



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ABOUT OUR REPORT

ABOUT OUR ANNUAL REPORT

We, John Keells Hotels PLC (Company) and its subsidiaries (hereinafter referred to as "Hotel Group") present to you, our 41st Annual Report which aims to provide a balanced review of the Hotel Group's financial, social, and environmental performance.

SCOPE AND BOUNDARY

This Report covers the Sri Lankan and Maldivian operations of the Hotel Group for the period 1 April 2019 to 31 March 2020. Our Report focuses on aspects that are deemed to be material and relevant to the Hotel Group's operations and to our key stakeholders. The process for determining materiality is described on page 51 of this Report. We have adopted an annual reporting cycle and this Report builds on the Group's previous Annual Report for the period ending 31 March 2019. The financial and non-financial information presented herein represents consolidated figures for the Company and its subsidiaries unless otherwise stated.

QUALITY ASSURANCE AND IMPROVEMENTS TO THE REPORT

The Hotel Group has obtained an independent opinion on the Financial Statements from its External Auditors, Messrs. Ernst & Young, which is set out on page 82 of this Report. Increased strategic orientation in reporting was introduced to the Annual Report this year to enhance the readability and quality of information provided to our stakeholders.

FORWARD LOOKING STATEMENTS

Our Report includes forward-looking statements, which discusses the possible future financial position and results of the Group's operations. These statements however, involve an element of risk and uncertainty. We do not undertake to update or revise these statements publicly in the event of a change of circumstances.

STATEMENT BY THE BOARD

The Board acknowledges its responsibility to ensure the integrity of the Annual Report and is of the opinion that the Report addresses all material issues that it believes to have a bearing on the Company's capacity to create value over the short medium and long-term. The Report was unanimously approved by the Board and is signed on its behalf by

On behalf of the Board of Directors

Krishan Balendra

FEEDBACK

We value your feedback as it enables us to continuously improve our reporting and encourage your comments to:

Ms. Vindya Cooray,

Sector Financial Controller,

117, Sir Chittampalam A Gardiner Mawatha,
Colombo 02

E-mail: vindya@cinnamonhotels.com

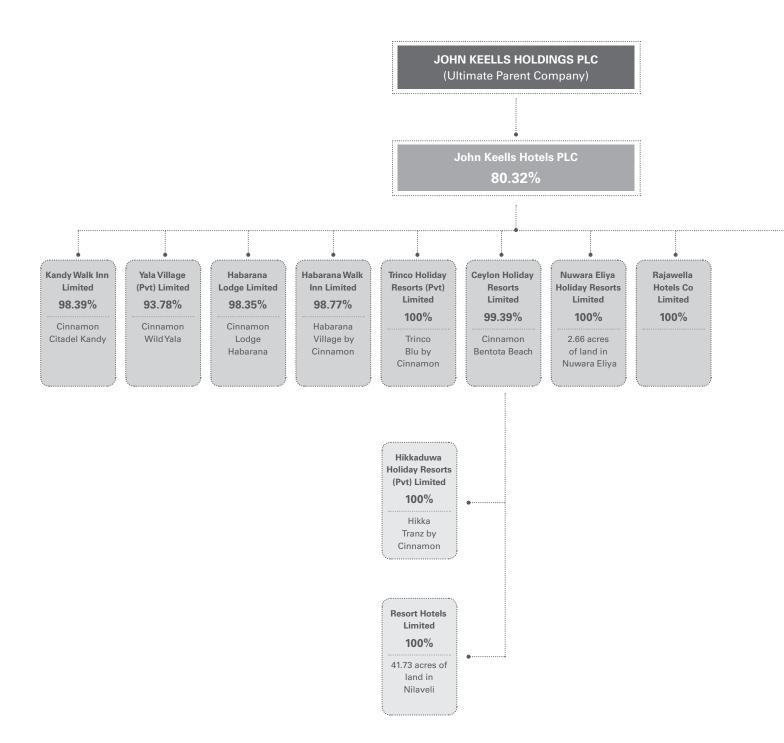
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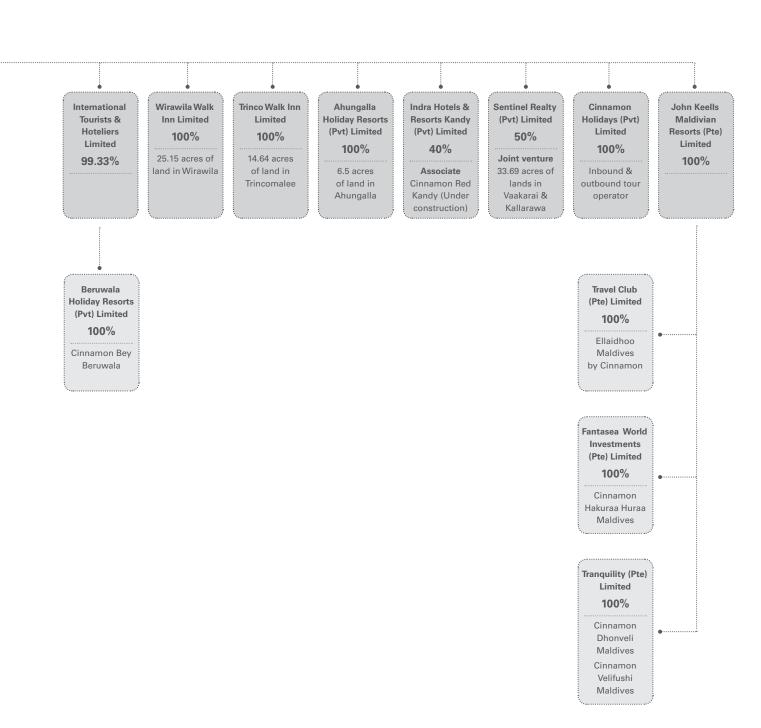
ghlights

A DISTINCTIVE DYNAMIC

A combined force of vitality, strength and endurance, designed to deliver lasting value.

GROUP STRUCTURE







PERFORMANCE SCORECARD

	Indicator		2019/20	2018/19	Change yoy
	Profitability				
	Revenue	Rs. Million	9,712	11,033	(12%)
	TrevPAR	Rs.	21,443	26,745	(20%)
	Operating Profit	Rs. Million	(764)	1,087	(170%)
	Profit for the year	Rs. Million	(1,201)	832	(244%)
_	Earnings per share	Rs.	(0.82)	0.56	(246%)
apita	Dividend per share	Rs.	-	0.15	(100%)
Financial Capital	Financial Position				
anci	Total Assets	Rs. Million	60,576	37,250	63%
Fin	Total Equity	Rs. Million	28,872	28,897	0%
	Total Debt	Rs. Million	28,609	5,455	424%
	Market & shareholder information				
	Net Assets per share	Rs.	19.74	19.75	0%
	Share Price	Rs.	6.70	7.50	(11%)
	Market Capitalisation	Rs. Million	9,756	10,921	(11%)
	Asset light expansion				
red	Property, plant and equipment	Rs. Million	26,692	17,563	52%
actu	Room capacity	No. of Rooms	1,476	1,123	31%
Manufactured Capital	Capital expenditure	Rs. Million	9,580	3,917	145%
	Develop people capability				
	Total employees	No.	2,533	2,105	20%
	Payments to employees	Rs. Million	2,502	2,083	20%
-	No. of promotions	No.	125	97	29%
apital	Attrition rate	%	18	23	(22%)
Human Ca	Female representation	%	11	8	38%
ıma	Investment in training	Rs. Million	95	47	102%
ヹ	Total training hours	Hours	288,437	115,200	150%
	New recruits	No.	989	571	73%
	Average training hours/employee	Hours	118	68	67%
	Workplace injuries	No.	25	33	(24%)

	Indicator		2019/20	2018/19	Change yoy
	Build a recognisable brand				
	Occupancy rate - Sri Lanka	%	61	80	(24%)
	Occupancy rate - Maldives	%	56	84	(33%)
	Customer satisfaction rate	%	91	65	40%
Relationship Capital	Social media presence				
D C	- Facebook likes	No.	206,267	199,311	3%
ishi	-Twitter followers	No.	4,338	3,817	14%
tior	- Instagram followers	No.	20,132	12,000	68%
Rela	- LinkedIn followers	No.	20,598	6,829	201%
and	-YouTube subscribers	No.	2,310	1,109	108%
Social and	Commitment: Creating value across our supply chain				
Š	Total suppliers	No.	1,380	1,063	30%
	Payments to suppliers	Rs. Million	3,657	2,159	69%
	Commitment: Empowering communities				
	Total investment in CSR	Rs. Million	6.8	10.6	(36%)
	Sustainability				
	Carbon footprint	tCO2e	15,784	17,484	(10%)
apit	Carbon footprint per guest night	KgCO2e	28.55	24.98	14%
a	Water withdrawn	m3	523,070	554,737	(6%)
Natural Capital	Water withdrawn per guest night	Litres	946	793	19%
Ž	Total waste	MT	1,450	1,712	(15%)
	Landfill waste per guest night	Kg	0.607	0.536	13%

Distinctive Annual Report 2019/20 John Keells Hotels PLC

ABOUT THE GROUP

With 12 luxury resort and hotel properties spread out across Sri Lanka and Maldives, the Company is one of Sri Lanka's largest hotel operators. Our brand "Cinnamon" which is synonymous with unique destination experiences that encourage a passion for inspired living, continues to be recognised as one of the leading hospitality brands in Sri Lanka. Meanwhile, we continue to be in the forefront of encouraging sustainable tourism in Sri Lanka and Maldives by promoting the islands' natural diversity and engaging in conservation and awareness initiatives that help protect and sustain natural environments and uplift livelihoods in geographical areas in which we operate in.

OUR OFFERING

		Room Capacity	Location	Star Class
Luxury Lifestyle	Cinnamon Bey Beruwala	199	Sri Lanka	5
	Cinnamon Bentota Beach	159	Sri Lanka	5
	Cinnamon Wild Yala	68	Sri Lanka	4
	Cinnamon Lodge Habarana	138	Sri Lanka	5
	Cinnamon Citadel Kandy	119	Sri Lanka	4
	Cinnamon Dhonveli Maldives	152	Maldives	4
	Cinnamon Hakuraa Huraa Maldives	100	Maldives	4
	Cinnamon Velifushi Maldives	90	Maldives	4+
Rustic Luxury	Hikka Tranz by Cinnamon	150	Sri Lanka	4
	Trinco Blu by Cinnamon	81	Sri Lanka	4
	Habarana Village by Cinnamon	108	Sri Lanka	4
	Ellaidhoo Maldives by Cinnamon	112	Maldives	4

Hotel Properties



No. of Rooms



1,476

Properties under Construction



OUR BRAND



Cinnamon Hotels & Resorts was recognised as the Most Valuable Hospitality Brand in Sri Lanka for 2020 by Brand Finance PLC.

OUR PEOPLE

Total Employees



2,533

Males



2,248 (89%)

Females



OUR ECONOMIC IMPACT



Employment Generation

989



Contribution to Tax revenue

Rs. 96 Mn



Contribution to community

Rs. 6.8 Mn



OUR JOURNEY

2019

- Opening of the 4th resort in the Maldives – Cinnamon Velifushi Maldives
- Re-development of Cinnamon Bentota Beach
- Re-launched Cinnamon Hakuraa Huraa Maldives

2004 - 2010

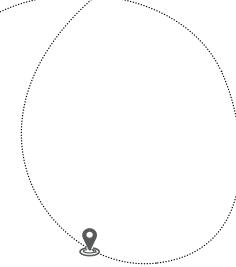
• Rs. 5.4 Bn investment with a primary focus on Sri Lanka

2005

Launched Cinnamon Hotels & Resorts at the World Travel Market (WTM), London.



• 2004 - Listed on CSE as "John Keells Hotels PLC "



2014

• Unification of all hotels and resorts under the mother brand "Cinnamon Hotels & Resorts"

1979

• Incorporation of Keells Hotels Limited



YEAR AT A GLANCE

Bring a Friend Home campaign

Cinnamon launched the "Bring a Friend Home" Campaign in July 2019 to promote Sri Lanka as a safe travel destination after the Easter Sunday attack

Cinnamon Future of Tourism (FOT) Summit 2019

Cinnamon hosted the third edition of the Future of Tourism Summit (FOT) , for which the key note speaker was CNN's foremost business correspondent Richard Quest

BGTW International Tourism Awards

Cinnamon Hotels & Resorts partnered with the British Guild of Travel Writers (BGTW) UK to host their Awards event on 3 November 2019.

Brand Finance PLC Ranking 2020

Cinnamon was recognised as the 'Most Valuable Hospitality Brand in Sri Lanka 2020' by Brand Finance PLC

LMD 2019 Most Respected Entities List

Cinnamon Hotels and Resorts was listed among the "Most Respected Entities" in Sri Lanka for 2019 by LMD

SLTDA - NST CERTIFICATION 2019

All Sri Lankan Resorts received the National Sustainable Tourism (NST) Certification in 2019

Establishment of a Molecular Virology Laboratory

The John Keells Group, through John Keells Foundation and in collaboration with South Asia Gateway Terminals (Pvt) Ltd (SAGT) and Deutsche Bank, funded the establishment of a Molecular Virology Laboratory at National Institute of Infectious Diseases (IDH), to increase testing capacity of Sri Lanka.

Single-Use Plastic Reduction

Launch of Plastic Management Plan at all Sri Lankan and Maldives resorts aimed at implementing environmentally sustainable alternatives for single -use plastics

National Occupational Safety and Health Excellence Awards 2019

Habarana Village by Cinnamon won the Sector Award (Tourism, Hotels & Restaurant and related services) at the National Occupational Safety and Health Excellence Awards 2019.

GROUP FINANCIAL AND OPERATIONAL HIGHLIGHTS

GROUP FINANCIAL HIGHLIGHTS

Year ended 31 March		2020	2019
Earnings highlights and ratios			
Revenue	Rs'000	9,711,741	11,032,715
Earnings before interest and tax (EBIT)	Rs'000	(653,853)	1,330,888
Group profit before tax (PBT)	Rs'000	(1,306,957)	1,079,785
Group profit after tax (PAT)	Rs'000	(1,201,392)	831,695
Group profit attributable to the shareholders	Rs'000	(1,200,568)	816,810
Earnings per share (EPS)	Rs.	(0.82)	0.56
EPS growth	%	(246.4)	(27.3)
Interest cover	No. of times	(1.0)	5.3
Return on equity	%	(4.2)	3.0
Pre-tax ROCE	%	(1.4)	4.1
As at 31 March		2020	2019
Statement of Financial Position - highlights and ratios			
Total assets	Rs'000	60,576,084	37,250,467
Total debt	Rs'000	28,609,549	5,455,215
Total shareholders' funds	Rs'000	28,745,075	28,759,965
No. of shares in issue	No. 000's	1,456,147	1,456,147
Net assets per share	Rs.	19.74	19.75
Debt/Equity	Times	1.00	0.19
Debt/Total assets	%	47.23	14.64
Current ratio	Times	0.57	1.29
Quick asset ratio	Times	0.53	1.25
Market/Shareholder information			
Market price of share as at 31 March	Rs.	6.70	7.50
Market capitalisation	Rs '000	9,756,183	10,921,101
Price earnings ratio	No. of times	(8.17)	13.39
Economic value distributed			
Operating costs	Rs'000	8,179,725	7,880,751
Employee wages and benefits	Rs'000	2,324,960	2,082,607
Payments to providers of funds	Rs'000	653,104	469,525
Payments to government	Rs'000	95,754	377,383
Community investments	Rs'000	6,864	10,604
Retained within the business	Rs'000	(1,421,809)	546,143
Total employees	Number	2,533	2,105

GROUP OPERATIONAL HIGHLIGHTS

Year ended 31 March	2020	2019
Occupancy - Sri Lankan Sector	61%	80%
Occupancy - Maldivian Sector	56%	84%
Revenue Rooms	271,113	333,053



CHAIRMAN'S REVIEW

"Whilst there certainly will be short term challenges given the current situation, we remain confident that the prospects for tourism in the country in the medium to long term remain extremely positive considering the tourism offering in the country and the potential for regional tourism to expand"

Dear Stakeholder.

I am pleased to present to you, on behalf of the Board, the highlights of the Annual Report and Financial Statements of John Keells Hotels PLC for the year ended 31 March 2020. Despite the year being a "crisis year" following the Easter Sunday terror attacks and the impact of COVID-19 during the fourth quarter of this financial year, we believe the long-term prospects for tourism remain promising. However, in the short term, as seen across many countries around the world, tourism has been one of the most affected industries as a result of the outbreak of the pandemic. Both Sri Lanka and the Maldives have seen stringent measures to control the transmission of COVID-19, and as a result, have closed its airports for arrivals. Due to the resultant impact on tourist arrivals, the Group decided to suspend operations of its hotel properties in Sri Lanka and the Maldives. At the inception of the outbreak of COVID-19 in Sri Lanka, we extended our fullest support to the Government at the time of national need and offered Trinco Blu by Cinnamon as a guarantine centre to the Government, if the need arose. The impact on our hotel operations and the outlook are elaborated further in this message.

GLOBAL TOURISM

International tourist arrivals worldwide grew by 4% in 2019 to 1.5 billion. Growth, however was slower than in 2017 (+7%) and 2018 (+6%) due to the uncertainty surrounding Brexit, geopolitical and social tensions and the global economic slowdown. There were also a few significant shifts in the sector in 2019 with the collapse of Thomas Cook and several low-cost airlines in Europe. Despite these uncertainties, all regions recorded an increase in arrivals with the Middle East continuing to lead the growth (+8%) followed by Asia and the Pacific (+5%). International arrivals in Europe and Africa (both +4%) increased in line with the world average, while the Americas saw growth of 2%. The global tourism industry has however been thrown into turmoil as a result on the ongoing COVID-19 pandemic. The impact of this ongoing crisis is yet to be fully assessed given the evolving situation in many countries and will depend on the post COVID-19 recovery plans. The impact in the short to medium term however is expected to be significant.

SRI LANKA TOURISM

Tourist arrivals to Sri Lanka stood at 1,913,702 for CY2019, a decrease of 18% against CY2018, primarily on account of the impact of the Easter Sunday terror attacks across the country on 21 April 2019, and the resultant adverse travel advisories imposed by key tourism source markets in the immediate aftermath of the incident. However, the month-on-month recovery in arrivals was faster than anticipated and forward bookings for the Sri Lankan hotels exhibited a continuous upward trend with bookings in the peak season being in line with the corresponding period of the previous year, albeit at moderately lower room rates.

However, arrivals in the fourth quarter of 2019/20 was yet again hampered due to the global travel advisories in the wake of the COVID-19 pandemic. Suspension of visa on arrival to Chinese tourists in January 2020 contributed to a decline in tourist arrivals from China. The first domestic case of COVID-19 was reported in the country in mid-March 2020 and the Government implemented stringent measures to control the transmission of the virus which included the suspension of all inward international commercial passenger flights from 19 March 2020 onwards which has continued to-date. The recovery of arrivals to Sri Lanka will depend on the policy measures implemented by the Government with regard to travel guidelines. The Sri Lanka Tourism Development Authority (SLTDA) has a post recovery plan to revive the tourism industry.

MALDIVIAN TOURISM

The Maldivian tourism industry continued to perform well during the year with tourist arrivals increasing by 14.7% to 1.7 million as compared to 2018. Europe, the country's largest source market, accounted for 49% of total arrivals recording a growth of 14.8%, while its second largest source market, the Asia Pacific region, representing 41.4% of arrivals, recorded a growth of 13.5%. China remained the country's single biggest source market, although India, which accounted for 9.7% of arrivals in 2019, recorded the most significant increase of 83.5% compared to 2018. A relatively stable political and economic environment contributed to the strong performance of the industry despite subdued global economic conditions. Strict measures to curb the spread of COVID-19 since February 2020, including the closure of the airport has impacted tourist arrivals during February and March of 2020 in the Maldives.

GROUP PERFORMANCE

Performance of the Group was subdued amidst a challenging operating environment in the Sri Lankan leisure businesses and the partial closure of Cinnamon Dhonveli Maldives for refurbishment.

The Sri Lankan Resorts segment demonstrated an encouraging recovery post the Easter Sunday terror attacks with bookings in the fourth quarter of 2019/20 reaching pre-incident levels. The total revenue per available room (TRevPAR) expected by March 2020 was on track to achieve the TRevPARs reported in 2018/19, prior to the impact of the COVID-19 pandemic.

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Annual Report 2019/20 John Keells Hotels PLC

CHAIRMAN'S REVIEW

After approximately two years of re-construction and refurbishments across its Maldivian hotel properties, the full complement of the Group's Maldivian hotels, including the addition of a fourth property under the five-star category, Cinnamon Velifushi Maldives, were operational from the fourth quarter of the year under review. Whilst the segment was positioned to capitalise on the tourism growth momentum by leveraging on its new and premium product offering, performance was hampered by travel advisories and restrictions in the wake of the COVID-19 pandemic, particularly from February 2020 onwards.

As a result of the combined effects of macro conditions and the partial closure of Cinnamon Dhonveli Maldives, group revenue declined by 12% to Rs. 9.7 Bn during the year while Group Profit Before Tax declined by 221%, recording a loss of Rs. 1.3 Bn.

ENHANCED COMMERCIAL OPERATIONS

Improving our commercial operations through revenue management was a key focus during the year. We continued to drive online sales through the recently launched "Cinnamon Hotels and Resorts" website and witnessed a 16% increase in traffic during the year. Meanwhile, we are increasingly adopting a more data-driven approach to sales and marketing decisions in order maximize revenue by seeking to accurately predict consumer behaviour. We are currently working on developing a customised data analytics program with external expertise to further enhance our sales prediction capabilities. The immediate priority once hotel operations resume however will be the post COVID-19 recovery plans and the focus on health and safety.

PORTFOLIO EXPANSION

Despite the challenging conditions in 2019, we continued with our plans to invest in re-furbishing and upgrading our infrastructure during the year. In January 2020, we recommenced operations at Cinnamon Bentota Beach post the architectural archiving and reconstruction of a new hotel, upgrading it as a luxury resort. We also completed refurbishments of our Maldivian Resorts Cinnamon Hakuraa Huraa Maldives and Cinnamon Dhonveli Maldives in December 2019 and January 2020, respectively. Meanwhile, in line with our asset light growth strategy, we opened our fourth resort in Maldives, Cinnamon Velifushi Maldives, in October 2019, on a sub-lease. Construction of Cinnamon Red Kandy, our latest joint venture hotel project, which commenced in January 2019, is currently on hold due to the prevailing situation. Our asset light expansion strategy has become even more relevant as we explore ways of being agile in an increasingly uncertain environment.

DEVELOPING OUR PEOPLE CAPABILITIES

Developing our people capabilities is an important aspect of creating a future ready organisation. During the year, we recruited over 500 employees for our new resorts in Sri Lanka and Maldives and invested significantly in training initiatives. We continue to actively encourage greater female labour participation within our organisation as well as at industry level through in-house

initiatives such as the "Yeheliya" women worker networking forum and by providing training opportunities for young women interested in joining the industry through the "Cinnamon Youth Development Programme".

RECOGNISABLE BRAND

The "Cinnamon" brand is one of our key competitive advantages and a critical element of our asset light growth strategy for expanding our footprint and we continued to live up to our brand ethos of "creating inspired moments" by offering our guests unique holiday experiences. During the year, several events were initiated and launched by us in collaboration with key industry stakeholders to promote Sri Lanka as a safe tourist destination post the Easter Sunday terror attacks. Events such as "Bring a Friend Home campaign", "Cinnamon Future of Tourism (FOT) Summit 2019" and the "Celebrity endorsements campaign" not only encouraged tourists back into the country but also contributed to further enhancing our brand value through greater visibility.

SUSTAINABILITY

Our sustainability performance is measured against EarthCheck Benchmarks for carbon footprint, water withdrawn and landfill waste. We are proud that we consistently perform well against these benchmarks as we continue to invest in energy and water efficiency initiatives across our resorts as part of our efforts to ensure responsible consumption of resources.

Reducing the environmental impacts of our operations is also an important part of our sustainability agenda. As part of the John Keells Group initiative "Plasticcycle", all of our properties pledged to reduce plastic consumption and launched a series of initiatives aimed at gradually reducing the use of single use plastics and replacing these items with more environmentally sustainable alternatives. This effort also included the launch of the beach caretaker project covering a one kilometre stretch of beach adjacent to Hikka Tranz by Cinnamon, which focuses on reducing plastic pollution build-up on our beaches. We also continue to actively support the communities we operate in by promoting sustainable tourism initiatives that revolves around youth development, community upliftment, health and environment.

ACCOLADES

The numerous awards and accolades we continue to receive are a testament to our commitment to excellence in all aspects of our operation. During the year, Cinnamon Hotels and Resorts was awarded the prestigious title of "The Most Valuable Hospitality Brand in Sri Lanka for 2020 by Brand Finance PLC for the fourth consecutive year while also being listed in LMD's list of top Twenty Most Respected Entities in Sri Lanka for 2019. As a strong advocate of sustainable tourism, seven of our Resorts were accredited with the National Sustainable Tourism Certification, in recognition of the best practices in place to promote Sri Lanka as a sustainable tourism destination. In addition to the

Distinctive John Keells Hotels PLC Annual Report 2019/20

above, the individual resorts in Sri Lanka and Maldives have won numerous awards. We also acknowledge our employees, who continue to be recognised for their world class culinary skills, as evidenced from the plethora of awards won at both the "Food and Hospitality Asia 2019", international culinary challenge and exhibition in Maldives and "Chef's Guild Culinary Art Competition" in 2019.

LOOKING AHEAD

The outbreak of the COVID-19 pandemic presents the global and local tourism sector with a major and evolving challenge. In addition to the short-term impacts of global travel restrictions and heightened levels of uncertainty, the industry will need to adapt its operating practices and protocols to transition to a post-COVID environment. While operations of all our Sri Lankan and Maldivian Resorts are currently suspended as at the date of the Report, we are prepared to resume operations as soon as permitted under the relevant Government directives. Ensuring the health and safety of our employees and guests continues to be our immediate priority. We will therefore, ensure that all required social distancing protocols and health checks are in place as advocated by international and local regulatory bodies.

Given the unprecedented challenges that COVID-19 presents businesses world-wide, we have taken proactive steps to understand the impact on the business by evaluating multiple stress tested operating scenarios to assess the financial and cash flow impact. The Group has implemented a series of measures to manage its cash flows including deferring all capital expenditure and implementing spend control initiatives and the concept of a 'cash war room' to optimise its cash management and liquidity position.

The Government of Sri Lanka has also announced relief measures including a moratorium on repayment of loans and concessionary working capital facilities. Where relevant, such relief measures have been applied for, which will help ease the financial position further. While the forecasted liquidity position is comfortable, the Group is of the view that undertaking proactive steps ahead of further stresses will enable us to maintain a stronger balance sheet and facilitate a smoother and faster recovery trajectory.

Given the volatile and evolving landscape, the Group will continue to monitor the impacts to its operations and take measures to ensure business continues as seamlessly as possible. Our foremost priority in this regard is to ensure the safety of our workforce at hotels and office spaces. The Group has evaluated all guidelines issued by the Government as well as international best practices, and based on this, has developed individual health and safety guidelines to ensure suitable working arrangements and safe conditions for employees, guests and other stakeholders.

Despite these unprecedented times we face in the short to medium term, we remain confident of our ability to rise above these challenges and are committed to working closely with all stakeholders including the SLTDA to attract guests back to Sri Lanka responsibly, once restrictions are eased.

Whilst there certainly will be short term challenges given the current situation, we remain confident that the prospects for tourism in the country in the medium to long term remain extremely positive considering the tourism offering in the country and the potential for regional tourism to expand.

ACKNOWLEDGEMENTS

In conclusion, I take this opportunity to thank my colleagues on the Board for their invaluable guidance and constant support. I also wish to convey my deep appreciation to our management team and staff for their untiring effort, commitment and drive.

The Board, and I, wish to express our appreciation for the invaluable contribution made by Independent Non-Executive Director Mr. Nissanka Weerasekera who retired from the Board in October 2019 and wish him the very best in all his future endeavours. We also warmly welcome Dr. Kumudu Gunesekara who joined the Board during the year.

Finally, I wish to convey my sincere appreciation to all our stakeholders including our tour operator partners, guests and shareholders for their continued support.

K N J Balendra Chairman

Krishan Balendon

21 May 2020

Touch



A DISTINCTIVE PROMISE

A steadfast promise of integrity, value and good governance.



BOARD OF DIRECTORS

MR. KRISHAN BALENDRA

Appointed to the Board of John Keells Hotels PLC in 2016 as a Non-Independent Non-Executive Director.

Skills & Experience:

Krishan Balendra is the Chairman of John Keells Holdings PLC (JKH). He is a Director of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. He served as the former Chairman of Nations Trust Bank PLC and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

Current Appointments:

Chairman of John Keells Holdings PLC, Chairman of Union Assurance PLC and the Hon. Consul General of the Republic of Poland in Sri Lanka.

Past Appointments

Former Chairman of the Colombo Stock Exchange and Nations Trust Bank PLC

Shareholding

Nil

MR. GIHAN COORAY

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

Skills & Experience:

Gihan has experience in corporate finance, corporate treasury and investor relations in addition to exposure to retail supermarket operations. He has been involved in investment appraisals, capital raising and structuring transactions for the John Keells Group. He holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, USA and is an Associate Member of the Chartered Institute of Management Accountants, UK. He is also a Certified Management Accountant of the Institute of Certified Management Accountants, Australia and holds a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing, UK.

Current Appointments:

Deputy Chairman/Group Finance Director and Board member of John Keells Holdings PLC, responsible for the Finance, Accounting, Taxation, Corporate Finance & Strategy, Treasury and Information Technology functions of the Group and John Keells Research. He is also the Chairman of Nations Trust Bank PLC. He is also a Committee Member of the Ceylon Chamber of Commerce.

Past Appointments

President Retail Sector, Head of Corporate Finance and Treasury of the John Keells Group

Shareholding

Nil

BOARD OF DIRECTORS

MR. JITENDRA GUNARATNE

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

Skills & Experience:

Jitendra Gunaratne counts over 40 years of management experience covering Consumer Foods, Plantation, Retail, Leisure and Property sectors.

Current Appointments:

President - Leisure industry group and Plantation services sector. He is currently a member of the Council of the Employers' Federation of Ceylon.

Past Appointments

Prior to his appointment at Leisure, he was the President of Consumer Foods industry group.

Shareholding

Nil

MR. HISHAN SINGHAWANSA

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

Skills & Experience:

Hishan Singhawansa has been with the John Keells Group since 2008. He holds a BSc Engineering (Hons) degree from University of Moratuwa and is an Associate of the Chartered Institute of Management Accountants (UK). He also holds an MBA from the University of Wales.

Current Appointments:

He is the Sector Head of the Leisure Resorts sector for Sri Lanka and Maldives.

Past Appointments

Prior to his appointment at Leisure, he was the President of Consumer Foods industry group.

Shareholding

Nil

MR. JAYANTISSA KEHELPANNALA

Appointed to the Board of John Keells Hotels PLC in March 2005 as a Non-Independent Non-Executive Director.

Skills & Experience:

He has over 36 years of experience in the Leisure Industry both in the hoteliering and inbound tourism

Current Appointments:

Head of Maldivian Resorts.

Past Appointments

He is a past President of The Hotels Association of Sri Lanka and the Sri Lanka Maldives Business Council and has served as a committee member of the Ceylon Chamber of Commerce. He has also served as a Director of Walkers Tours Ltd and the Convention Bureau previously.

Shareholding

Nil

MR. TREVINE JAYASEKARA

Appointed to the Board of John Keells Hotels PLC in 2013 as an Independent Non-Executive Director.

Skills & Experience:

International Banking, Finance, Treasury and IT Services

Current Appointments:

Non-Executive Director – Brandix Lanka Ltd Director – Phoenix Ventures (Private) Ltd

Past Appointments

Group Finance Director - Brandix Lanka Ltd

Non-Executive Director - NDB Bank

Non-Executive Director - Hayleys PLC

Non-Executive Director - Lanka Ventures Ltd

Director - Ceylease Financial Services Ltd

Board Member – Sri Lanka Auditing and Accounting Standards Monitoring Board

Group Finance Director - Aitken Spence & Co. Ltd

General Manager & Financial Controller – Deutsche Bank

Controller – Arab Bank Limited, Bahrain

Audit/Senior Supervisor - Coopers & Lybrand, Zambia

Shareholding

MS. ANARKALI MOONESINGHE

Appointed to the Board of John Keells Hotels PLC in 2016 as an Independent Non-Executive Director.

Skills & Experience:

Anarkali has over 19 years of Investment Banking experience in Europe and Asia, particularly Asian Emerging Markets.

Anarkali received a Bachelor of Arts (Hons) in Politics, Philosophy and Economics from Christ Church College, University of Oxford.

Current Appointments:

Anarkali currently serves on the Board of Directors of the Lankan Angel Network, a platform for private investors who invest in high growth early stage Sri Lankan ventures, and the Board of Directors of GoodLife X, an accelerator programme aimed at supporting start-ups and more mature companies in scaling regionally and globally.

Past Appointments

Country Head - CIMB Investment Bank in Sri Lanka

Partner - Amura Consulting, a Singapore based financial advisory services boutique which focused on small to mid-cap transactions in frontier markets including private equity, mergers & acquisitions, and financial structuring.

Anarkali started her career with Merrill Lynch in Mergers & Acquisitions.

Shareholding

Nil

DR. KUMUDU GUNASEKERA

Appointed to the Board of John Keells Hotels PLC in November 2019 as an Independent Non-Executive Director.

Skills & Experience:

Dr. Gunasekera, Ph.D. is a management consultant and strategic advisor to private equity firms, public and privately held corporations, and Fortune 100 global organisations. Throughout his career he has delivered actionable insights to clients worldwide.

As a business consultant, Kumudu specialises in delivering datadriven analysis and research for clients worldwide. A proven problem-solver, his insights and perspectives have been published in numerous peer-reviewed journals and industry magazines.

Current Appointments:

Managing Director, Stax Inc

Past Appointments

Principal Economist, Parsons Brinckerhoff now WSP (Washington DC)

Past President, American Chamber of Commerce (Sri Lanka)

Shareholding

Nil

CORPORATE GOVERNANCE

BOARD GOVERNANCE HIGHLIGHTS - 2019/20

- Following the unprecedented challenges and operating conditions arising from the COVID-19 pandemic in March 2020, the Board of Directors evaluated the resilience of the business under multiple scenarios as presented by the Company's Management (Management) and reviewed the measures proposed to manage cash and costs efficiently and proactively.
- In the immediate aftermath of the Easter Sunday attacks, assessed the impact and risks to the business particularly in relation to the on-going development projects at respective properties of the Company. Monitored and reviewed the implementation of the Company's business plan.
- Reflecting on external perspectives and feedback from employees, customers and other stakeholders, reviewed the impact of digitisation on serving customers better and more efficiently, growing and expanding the Company's technological capabilities and innovation.
- Approved capital investments in the refurbishment and re-branding of Resorts in the Maldives.
- Approved capital investment in the re-development of Cinnamon Bentota Beach.
- Resignation of Mr. N B Weerasekera with effect from 31 October 2019.
- Appointment of Dr. K A Gunasekera as an Independent Non-Executive Director with effect from 6 November 2019.

Today, businesses are exposed to a new range of risks and opportunities. Organisations need to respond effectively to the changing landscape to sustain high business performance and create better value for their stakeholders. At John Keells Hotels PLC (Company), sound governance practices support the agility of the organisation to adapt to disruptions, innovate and shape the future.

The Company aspires to the highest standards of Corporate Governance and as a subsidiary of the John Keells Holdings PLC, inherits a legacy of practices founded on the core principles of accountability, participation and transparency. A strong set of corporate values, written code of conduct, a proven performance management and values monitoring system underpins its governance framework ensuring sustained growth for all stakeholders.

1. FRAMEWORK AND STRUCTURE

The Board retains effective control through the Board-approved governance framework which provides for delegation of authority with clearly defined mandates and authorities while retaining accountability. The governance framework is reviewed when necessary, to adapt to internal developments and reflects global best practices.

Many of the structures and policies conform to those of the John Keells Group. It is notable that John Keells Holdings PLC (JKH or Parent Company) governance structures reference the UK Corporate Governance Code 2010 published by the Financial Reporting Council of UK, embracing practices appropriate to the Group's organisational context. The Governance framework is bound by external regulations and internally formulated policies, that defines how we do business.

Compliance Summary

Regulation / Code	Adoption	Adherence
The Companies Act No.7 of 2007 (Companies Act)	Mandatory provisions	Fully Compliant
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory provisions	Fully Compliant
Securities and Exchange Commission Act No.36 of 1987, including directives and circulars	Mandatory provisions	Fully Compliant
Code of Best Practices on Related Party Transactions (2013) issued by the Securities and Exchange Commission of Sri Lanka (SEC)	Mandatory provisions	Fully Compliant
Code of Best Practice on Corporate Governance (2013) jointly issued by SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary provisions	Fully Compliant
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions	Compliant with most of the Code, to the extent of business exigency and as required by the John Keells Group
UK Corporate Governance Code (formerly known as the Combined Code of 2010)	Voluntary Provisions	Fully Compliant as applicable

KEY INTERNAL BENCHMARKS

- Articles of Association of the Company and other constitutional documents
- Recruitment and selection policy
- Learning and development policy
- Policy on career management and promotions
- Rewards and recognition policy
- Leave, flexi-hours and tele-working policies
- Code of conduct
- · Policy against sexual harassment
- · Policies against forced, compulsory and child labour
- Disciplinary procedure
- Policy on grievance handling
- Anti-fraud policy
- Policy on communications and advertising
- Ombudsperson policy
- Group accounting procedures and policies
- Policies on enterprise risk management
- Policies on fund management and Forex risk mitigation
- IT policies and procedures, including data protection and security
- Group environmental and economic policies
- Policies on energy, emissions, water and waste management
- Policies on products and services

The Board has overall responsibility for determining the strategic direction of the Company, providing leadership, managing risk and safeguarding its reputation, values and assets while balancing stakeholder interests. The Board delegates functions warranting greater attention to the Audit Committee and is assisted in the discharge of duties by the Parent company Nominations Committee, Human Resources and Compensation Committee, Related Party Transactions Review Committee and Project Risk Management Committee, as permitted by the Listing Rules of the Colombo Stock Exchange. Committee composition and roles are summarised on page 32.

2. BOARD COMPOSITION

The Board comprises of eight Non-Executive Directors, three of whom are Independent. Mr. N B Weerasekera resigned from the Company with effect from 31 October 2019 and Dr. K A Gunasekera was appointed as an Independent Non-Executive Director with effect from 6 November 2019. The Non-Executive, Non-Independent Directors nominated by JKH are employees of JKH and draw on the extensive expertise, networks, and tacit knowledge of a successful conglomerate. The Board composition is diverse and balanced and is refreshed periodically over time to maintain an appropriate mix of skills and experience. Board appointments follow a formal and transparent process.

CORPORATE GOVERNANCE

Board Meetings

The Board meets at least once every quarter or more frequently in the event circumstances require. Any absences are excused in advance and duly recorded in the minutes, The absent Board members are briefed on the discussions and actions taken during the meeting.

Attendance at Board meetings held during the financial year 2019/20 is given below:

	24/05/2019	23/07/2019	23/10/2019	27/01/2020	Eligibility	Attended
Name of Director						
K N J Balendra	\checkmark	\checkmark	\checkmark	\checkmark	4	4
J G A Cooray	√	✓	✓	✓	4	4
J R Gunaratne	✓	✓	✓	✓	4	4
J E P Kehelpannala	✓	✓	Χ	✓	4	3
N B Weerasekera (resigned w.e.f. 31 October 2019)	√	√	√	N/A	3	3
T L F W Jayasekara	\checkmark	\checkmark	\checkmark	\checkmark	4	4
A K Moonesinghe (Ms.)	\checkmark	\checkmark	X	\checkmark	4	3
M H Singhawansa	✓	✓	✓	✓	4	4
K A Gunasekera (Dr.) (appointed w.e.f. 6 November 2019)	N/A	N/A	N/A	✓	1	1

of businesses and risk

profiles

Voluntary compliance

THE CORPORATE GOVERNANCE SYSTEM **INTERNAL GOVERNANCE ASSURANCE REGULATORY INTEGRATED LEVEL STRUCTURE GOVERNANCE MECHANISMS BENCHMARKS** Board of Directors and Senior Management Committees W W >Human Resources Related Party Companies Act No. 7 of Transactions Review and Compensation Strategy 2007 JKH Code of Committee Committee Formulation Mandatory compliance Conduct and Decision Making Process Listing Rules of the Colombo Stock **Board of Directors** Exchange (CSE) Group Mandatory compliance Senior Independent Director Code of Best Practices on Human Resource Related Party Transactions Governance Nomination Project Risk Audit (2013) advocated by Committee Assessment Committee Securities and Exchange Committee Commission (SEC) Mandatory compliance Board Committee Chairman-CEO The Code of Best Practice Integrated Risk on Corporate Governance Management (2013) as published by the Group + Securities and Exchange Industry/ Group Executive Committee (GEC) Commission and the Function Employee Institute of Chartered Accountants Participation Sri Lanka (CA Sri Lanka) Group Operating Committee (GOC) Voluntary compliance IT Governance Industry/ Code of Best Practice on Function Corporate Governance Internal Group Management Committee (GMC) (2017) issued by CA Control Sri Lanka Voluntary compliance with almost the full 2017 Code, to the extent of business Sector Committee exigency and as required by Sector/ Tax Governance the John Keells Group Function/ Ombudsperson Sub-sector Management Committee Recommendations of the UK Corporate Governance Code as practicable in the context of the nature

Stakeholder

Management and

Effective

Communication

External

Assurance

Business/

Function/

BU/

Department

Employee Empowerment

CORPORATE GOVERNANCE

3. BOARD SUB-COMMITTEES

The Board has delegated some of its functions to Board Sub-Committees, while retaining final decision rights. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise.

The five Board Sub-Committees are as follows:

- i. Audit Committee of the Company
- ii. Human Resources and Compensation Committee of the parent company, JKH
- iii. Nominations Committee of the parent company, JKH
- iv. Related Party Transactions Review Committee of the parent company, JKH
- v. Project Risk Assessment Committee of the parent company, JKH

Board Committee & Composition	Mandate	Scope
Audit Committee (John Keells Hotels PLC)		
Committee to comprise of NEDs (Non Executive Directors) a majority of whom shall be Independent and the Chairperson or a member of the Committee shall be a member of a professional accounting body. Current members are: • Mr. T L F W Jayasekara - Chairman (Independent) • Dr. K A Gunasekera (Independent) - appointed to the committee w.e.f. 6 November 2019 • Ms. A K Moonesinghe (Independent) • Mr. N B Weerasekera (Independent) - resigned from the committee w.e.f. 31 October 2019	Monitor and supervise Management's financial reporting process in ensuring: Accurate and timely disclosure Transparency, integrity and quality of financial reporting	 i. Confirm and assure: Independence of External Auditor Objectivity of Internal Auditor ii. Review with independent auditors the adequacy of internal controls and quality of financial reporting iii. Regular review meetings with management, Internal Auditor and External Auditors in seeking assurance on various matters
		Refer page 40 for Audit Committee Report
Human Resources and Compensation Committee (J Committee to comprise of NEDs, a majority of whom shall be independent. The Chairman-CEO of JKH and Deputy Chairman/Group Finance Director of JKH are present at all Committee meetings unless their respective remuneration is under discussion. The current members are: Mr. D A Cabraal - Chairman (Independent) Mr. M A Omar (Independent) Dr. S S H Wijayasuriya (Independent)	Determine Remuneration Policy	 i. Review and recommend overall remuneration philosophy, strategy, policies and practice and, performance-based pay plans for the Group ii. Determine and agree with the Board a framework for remuneration of Chairman and Executive Directors based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration iii. Succession planning of Key Management Personnel Refer page 42 for Human Resources and Compensation Committee Report

Nominations Committee (John Keells Holdings PLC)

Majority of the members shall be NEDs together Define and establish nomination i. Assess skills required on the Board with the Chairman-CEO. The Chairman shall be an process for directors, lead Independent NED. Current members are:

- Mr. M A Omar Chairman (Independent)
- Ms. M P Perera (Independent) resigned from the committee w.e.f. 24 May 2019 and was re-appointed w.e.f. 01 January 2020
- Dr. S S H Wijayasuriya (Independent)
- Mr. K N J Balendra (Executive Director)
- Dr. R Coomaraswamy (Independent) resigned from the committee w.e.f. 31 December 2019

process and make on the appointment of Directors.

- given the needs of the businesses
- recommendations to the Board ii. From time to time assess the extent to which required skills are represented on Board
 - iii. Prepare a clear description of the role and capabilities required for appointment
 - iv. Identify and recommend suitable candidates for appointments to the Board.
 - v. Ensure that on appointment to the Board, Directors receive a formal letter of appointment specifying clearly:
 - Expectation in terms of time commitment
 - Involvement outside of the formal Board meetings
 - Participation in committees Refer page 43 for Nominations Committee Report.

Related Party Transactions Review Committee (John Keells Holdings PLC)

Chairman should be an Independent Non-Executive To ensure on behalf of the Director. Committee may include an Executive Board of John Keells Hotels Director. Current members are:

- Ms. M P Perera Chairperson (Independent)
- Mr. A N Fonseka (Senior Independent)
- Mr. D A Cabraal (Independent)
- Mr. K N J Balendra (Executive Director) resigned from the committee w.e.f. 31 March 2020

PLC, that all Related Party Transactions of the Company are consistent with the Listing Rules and the Code of Best Transactions issued by the SEC.

Develop and recommend for adoption by the Board of Directors, a Related Party Transaction Policy which is consistent with the Operating Model and the Delegated Decision Rights of the Group.

- Practices on Related Party i. Update the Board of Directors on the related party transactions of each of the companies of the Group on a quarterly basis.
 - ii. Define and establish the threshold value in setting a benchmark for related party transactions

Refer page 44 for Related Party Transaction Review Committee Report.

CORPORATE GOVERNANCE

Project Risk Assessment Committee (John Keells Holdings PLC)

Should comprise of a minimum four Directors. Must To evaluate and assess risks i. Review and assess risks associated include the Chairman-CEO and Group Finance Director associated with significant New and two Non-Executive Directors. The Chairman must Investments at the initial stages be a Non-Executive Director. Current members are:

- Dr. S S H Wijayasuriya -Chairman (Independent)
- Mr. K N J Balendra (Executive Director)
- Mr. J G A Cooray (Executive Director)
- Ms. M P Perera (Independent)

of formulation and in any event prior to making any long-term contractual commitments.

- with large-scale investments and the mitigatory plans thereto, if such mitigation is possible, and identify risks that cannot be mitigated.
- ii. Ensure stakeholder interests are aligned, as applicable, in making an investment decision.
- iii. Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director.
- iv. Recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation.

Note: The Committee shall convene only when there is a need to transact in business as per the terms of its mandate.

4. MANAGING CONFLICTS OF INTEREST AND ENSURING INDEPENDENCE

Directors are experienced leaders in their respective fields and exercise independent and unfettered judgement, promoting constructive board deliberations and objective evaluation of matters set before them.

Definition

Independence is determined against criteria as set out in the Listing Rules of the CSE and in compliance with the CA/ SEC Code on Corporate Governance, 2013. An independent Director should be independent in character and judgement and there should be no relationships or circumstances which are likely to affect, or could appear to affect, his/her independence.

Assessment

Independent assessment of Directors is conducted annually by the Board, based on annual declaration and other information submitted by NEDs.

Outcome

The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect, Directors' judgement during the period under review.

Directors declare their business interests at the beginning of every financial year and during the year as required. Details are maintained in a Register by the Company Secretaries and tabled at the next Board Meeting. The Register is available for inspection in terms of the Companies Act.

Directors abstain from voting where there is a conflict of interest and generally excuse themselves from the discussion to ensure the integrity of the Board's independence in decision making. In the event of conflicts and concerns that cannot be resolved unanimously, Director's dissent is recorded in the Board minutes.

5. DIRECTOR REMUNERATION

Remuneration of Non-Executive and Independent Directors is fixed. Remuneration is determined with reference to fees paid to other Non-Executive and Independent Directors of comparable companies and reviewed annually. Non-Executive Directors (NEDs) are paid additional fees for either chairing or being a member of a Sub-Committee. Directors fees applicable to NEDs nominated by JKH are paid directly to JKH and not to individuals. The aggregate remuneration paid to NEDs in FY 2019/20 is disclosed on Note 17 to the Financial Statements of this Report. There are no Executive Directors employed by the Company.

Appendix I - Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Mandatory Provisions - Fully Compliant

Rule	Requirement	Complied	Reference (within the Report)
(i)	Names of persons who were Directors of the Entity	Yes	Board Profiles
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	About Us
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Yes	Investor Information
(i∨)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Investor Information
(∨)	A statement of each Director's holding in shares of the Entity at the beginning and end of each financial year	Yes	Investor Information
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Chairman's Review
(∨iii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Group Real Estate Portfolio
(ix)	Number of shares representing the Entity's stated capital	Yes	Investor Information
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Investor Information
(×i)	Financial ratios and market price information	Yes	Investor Information
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Group Real Estate Portfolio
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Yes	Investor Information
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	Note 36 to the Financial Statements on Share-Based Payment Plans
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance Report
(xvi)	Related Party transactions exceeding 10 percent of the equity or 5 percent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Note 42 to the Financial Statements on Related Party Transactions

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Appendix II - Statement of Compliance under Section 7.10 of the Listing Rules of the CSE on Corporate Governance Mandatory Provisions - Fully Compliant

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
7.10 (a-c)	Compliance	Compliance with Corporate Governance Rules		
7.10.1(a)	Non-Executive Directors (NED)	At least 2 or 1/3 of the total number of Directors on the Board, whichever is higher, should be NEDs	Yes	Board Composition
7.10.2(a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	Yes	Board Composition
7.10.2(b)	Independent Directors (ID)	Each NED should submit a signed and dated declaration of his/her independence or non-independence	Yes	Available with Company Secretaries for review
7.10.3(a)	Disclosure relating to Directors	 The Board shall annually determine the independence or otherwise of the NEDs, and Names of each IDs should be disclosed in the Annual Report (AR) 	Yes	Board Profiles
7.10.3(b)	Disclosure relating to Directors	The basis for the Board's determination of ID, if criteria specified for independence is not met	Yes	Not Applicable
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	Yes	Board Profiles
7.10.3(d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE	Yes	Board Profiles
7.10.4 (a-h)	Criteria for defining Independence	Requirements for meeting criteria to be an Independent Director	Yes	Corporate Governance
7.10.5	Remuneration Committee (RC)	The Human Resources and Compensation Committee (equivalent of the RC with a wider scope) of the listed parent company may function as the RC	Yes	Corporate Governance
7.10.5(a)	Composition of Remuneration Committee	RC shall comprise of NEDs, a majority of whom will be independent One NED shall be appointed as Chairman of the committee by the Board of Directors	Yes	Board Sub- Committees - Human Resources and Compensation Committee (HRCC)
7.10.5.(b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of Executive Directors	Yes	Board Sub- Committees - HRCC
7.10.5.(c)	Disclosure in the Annual Report relating to Remuneration Committee	 Names of Directors comprising the RC Statement of Remuneration Policy Aggregated remuneration paid to Executive and NEDs should be included in the Annual Report 	Yes	Board Sub- Committees - HRCC Note 17 to the Financial Statements
7.10.6	Audit Committee (AC)	The Company shall have an AC	Yes	Audit Committee Report

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
7.10.6(a)	Composition of Audit Committee	 AC shall comprise of two INEDs or of NEDs a majority of whom should be Independent whichever is higher. 	Yes	Audit Committee Report
		 A NED shall be appointed as the Chairman of the Committee 		
		 Sector Head and Chief Financial Officer (CFO) should attend AC meetings 		
		The Chairman of the AC or one member should be a member of a professional accounting body		
7.10.6(b)	Audit Committee	Overseeing of the –	Yes	Audit Committee
	Functions	Preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS)		Report
	•	 Compliance with financial reporting requirements, of the Companies Act and related regulations and requirements 		
		 Processes to ensure that the internal controls and risk management are adequate to mee the requirements of the Sri Lanka Auditing Standards (SLFRS/LKAS) 		
	perfo • Maki perta remo remo	 Assessment of the independence and performance of the External Auditors 		
		 Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the external auditor 		
7.10.6(c)	Disclosure in	The Annual Report shall contain	Yes Au	Audit Committee
	Annual Report relating to Audit	Names of Directors comprising the AC		Report
	Committee	 The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination 		
		Report of the AC setting out the manner of compliance with their functions		

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CORPORATE GOVERNANCE

Appendix III: Statement of Compliance under Section 9.3.2 of the Listing Rules of the CSE on Corporate Governance Mandatory Provisions - Fully Compliant

Rule	Requirement	Complied	Reference (within the Report)
(a)	Details pertaining to Non-Recurrent Related Party Transactions (RPT)	Yes	Report of the Related Party Transactions Review Committee
(b)	Details pertaining to Recurrent RPTs	Yes	Notes to the Financial Statements
(c)	Report of the Related Party Transactions Review Committee	Yes	Report of the Related Party Transactions Review Committee
(d)	Declaration by the Board of Directors in the Annual Report as an affirmative statement of compliance with the rules pertaining to RPT, or a negative statement otherwise	Yes	Annual Report of the Board of Directors

Appendix IV: Statement of Compliance pertaining to Companies Act No. 7 of 2007

Mandatory Provisions - Fully Compliant

Rule	Requirement	Complied	Reference (within the Report)
168 (1) (a)	The nature of the business together with any change thereof	Yes	About Us
168 (1) (b)	Signed Financial Statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Auditors' Report on Financial Statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g)	Corporate donations made by the Company	Yes	Notes to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Group Directory
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Report of the Audit Committee/ Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/Annual Report of the Board of Directors

Statement of Compliance with applicable Codes of Best Practice

The Company is also compliant with the Code of Best Practices on Related Party Transactions (2013) advocated by the SEC (mandatory), the Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka (voluntary), the UK Corporate Governance Code as applicable to the Company (voluntary) and almost all the provisions of the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka to the extent of business exigency and as required by the Hotel Group.

MEETING & ATTENDANCE

Audit Committee Meeting Attendance

	Eligible to attend	Attended
N B Weerasekera (resigned w.e.f. 31 October 2019)	3	2
T L F W Jayasekara	4	4
A K Moonesinghe (Ms.)	4	3
K A Gunasekera (Dr.) (appointed w.e.f 6 November 2019)	1	1
By Invitation		
J E P Kehelpannala	4	2
M H Singhawansa	4	4

Human Resources and Compensation Committee Meeting Attendance

	Eligible to attend	Attended
D A Cabraal	2	2
M A Omar	2	1
S S H Wijayasuriya (Dr.)	2	2
By Invitation		•
K N J Balendra	2	2
J G A Cooray	2	2

Nominations Committee Meeting Attendance

	Eligible to attend	Attended
K N J Balendra	2	2
R Coomaraswamy (Dr.) *	2	2
M A Omar	2	2
M P Perera (Ms.) **	1	1
S S H Wijayasuriya (Dr.)	2	2

^{*}Retired from the Board with effect from 31 December 2019

Related Party Transactions Review Committee Meeting Attendance

	Eligible to attend	Attended
D A Cabraal	4	3
A N Fonseka	4	4
M P Perera (Ms.)	4	4
K N J Balendra*	4	4
By Invitation		-
J G A Cooray	4	4

^{*} Composition of the Related PartyTransaction Review Committee was reconstituted at the Board Meeting held on 31 March 2020, following which K N J Balendra was released from his role in the committee. K N J Balendra will attend meetings, as required, by invitation.

Project Risk Assessment Committee Meeting Attendance

	Eligible to attend	Attended
S S H Wijayasuriya (Dr.)	1	1
M P Perera (Ms.)	1	1
K N J Balendra	1	1
J G A Cooray	1	1

^{**}Composition was reconstituted at the Board Meeting held on 24 May 2019, following which M P Perera was released from her role in the Nominations Committee. Following the resignation of R Coomaraswamy, M P Perera was re-appointed to the Nominations Committee

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE, PRINCIPAL FOCUS AND MEDIUM OF REPORTING

The responsibilities of the Audit Committee are governed by the Audit Committee Charter, approved and adopted by the Board. The Audit Committee focuses principally on assisting the Board in fulfilling its duties by providing an independent and objective review of the financial reporting process, the process of risk identification and mitigation, internal controls and its compliance with legal and regulatory requirements actively; reviewing procedures relating to statutory, regulatory and related compliance; and the adequacy of the Company's internal and external audit function. The proceedings of the Audit Committee were regularly reported to the Board of Directors, through formal minutes. Further, the effectiveness of the Committee is evaluated annually by each member of the Committee and the results are communicated to the Board.

COMMITTEE COMPOSITION, MEETINGS HELD AND ATTENDANCE

The Audit Committee consists of three members. The Chairman of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). In addition to the Chairman of the Committee, another member of the Committee is also a specialist in investment banking, predominantly on cross border transactions across the Asian region. The 3rd member earned his Ph.D. in Economic Geography. All Non-Executive Directors satisfy the criteria for independence as specified in the Standards on Corporate Governance for Listed Companies, issued by the Securities & Exchange Commission of Sri Lanka. The Audit Committee reports directly to the Board. The individual and collective financial and hotel industry specific knowledge, business experience and the independence of members are brought to bear on all matters, which fall within the committee's purview. The Sector Head and Chief Financial Officer, together with the Sector Financial Controller and Head of Group Business Process Review and Head of Sustainability and Enterprise Risk Management of John Keells Holdings PLC, attend Audit Committee meetings by invitation. Outsourced Internal Auditors, i.e. PricewaterhouseCoopers, KPMG, BDO Partners and Independent External Auditors, Ernst & Young, are required to attend meetings on a regular basis. The Committee met four times during the financial year ended 31 March 2020 (information on the attendance at these meetings by the members of the Committee is given on page 39). In addition, the Chairman of the Committee met the Internal and External Auditors and in-house personnel, as necessary, to strengthen guidance and oversight related to audit matters.

ACTIVITIES PERFORMED

 Reviewed the activities and financial affairs of the Company and its subsidiaries and underlying hotel entities. They also reviewed the financial reporting system adopted in the preparation of quarterly and annual Financial Statements to ensure reliability of the process, appropriateness and consistency of accounting policies and methods adopted and that they facilitate compliance with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 7 of 2007 and other relevant statutory and regulatory requirements.

- Met the outsourced Internal Auditors to consider their reports, management responses and matters requiring follow up on the effectiveness of internal financial controls that have been designed to provide reasonable but not absolute assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in the preparation and presentation of the Financial Statements. Their scope of work and approach, the timeliness of their reports, and cooperation with External Auditors was also addressed.
- Reviewed the Business Risk Management processes and procedures adopted by the Company, to manage and mitigate the impact of such risks and observed that risk analysis exercises had been conducted across the different hotels, key risks that could impact operations had been identified to the extent possible, measures were taken to minimise the impact and likelihood of such risks. It was noted that with the integration of Sustainability within the Leisure Group, further measures to mitigate the core sustainability risks had been identified and risk mitigation measures designed and implemented.
- Reviewed the quarterly and year-end Financial Statements and recommended their adoption to the Board of Directors.
- Met with the External Auditors before commencement of the external audit to ascertain the nature, scope and approach of the audit and reviewed their audit plans.
- Met with External Auditors to discuss interim audit issues, management responses and to effect any corrective action where necessary.
- Met with External Auditors at the end of the annual audit to review the Financial Statements and the reports thereon and to respond as necessary to such reports.
- Had closed door discussions with the external and outsourced Internal Auditors where necessary.
- Reviewed the type and quantum of non-audit services provided by the External Auditors to the Company to ensure that their independence as auditors has not been impaired.
- Appraised the independence and performance of the outsourced Internal Auditors whose services are coordinated by the Group Business Process Review Division.
- Conducted special review of processes, content and the effectiveness of feeders to the deliberations of the Audit Committee, such as in-house accounting and record keeping,

Group Business Process Review, and the Sustainability and Enterprise Risk Management division.

- Reviewed the Company's compliance framework to determine that it provides reasonable assurance that all relevant laws, rules and regulations have been complied with.
- Participated in discussions with management, to evaluate compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and CA Sri Lanka in the year 2013, in relation to auditor appointments.
- The Senior management of the Company followed a formal assessment process to evaluate the performance of External Auditors and the Committee has recommended to the Board of Directors that Messrs Ernst & Young be re-appointed as Auditors for the financial year ending March 31 2021, subject to the approval of the shareholders at the next Annual General Meeting.
- To further enhance the internal controls of the companies, the Group commissioned a Data Mining and Analytical tool to capture and present information in a format of outliers/red flags which could be used to carry out further investigations. This system was fully rolled out in the early part of the financial year 2016/2017.

In conclusion, the Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Company are managed in accordance with Group policies and that Company assets are properly accounted for and adequately safeguarded.

T L F W Jayasekara Chairman - Audit Committee 21 May 2020

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Committee determined the remuneration of the Chairman - CEO in terms of the methodology set out by the Board, upon an evaluation of his performance by the Non-Executive Directors. The Chairman - CEO's evaluation of the other Executive Directors and the members of the Group Executive Committee were considered by the committee and remuneration was determined based on performance, market comparators for similar positions and in accordance with the Company's Compensation and Benefits Policy.

The succession plans discussed and agreed previously were successfully set in motion during the year under review. The Compensation & Benefits Plan for the Group was modified during the previous reporting year after obtaining expert inputs and conducting many internal deliberations. The new plan was successfully rolled out based on a pre-agreed communication plan to the employees that were impacted by the change.

A report from the Chairman of the Human Resources and Compensation Committee continues to be a standing agenda item at the quarterly Board meetings. The Chairman of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

The Committee wishes to report that the Company has complied with the Companies Act in relation to remuneration of Directors. The annual performance appraisal scheme, the calculation of short term incentives, and the award of Employee Share Option Plans were executed in accordance with the approvals given by the Board, based on discussions conducted between the Committee and the Management.

I wish to thank my colleagues for their valuable inputs in guiding the Committee in its deliberations, and the President responsible for Human Resources of the Group for enabling fruitful interactions at the meetings of the Committee.

D A Cabraal

A. Cabanl

Chairman of the Human Resources and Compensation Committee

21 May 2020

REPORT OF THE NOMINATIONS COMMITTEE

The self-review of the mandate of the Committee re-affirmed that it exists to:

- Recommend to the Board the process of selecting the Chairman and Deputy Chairman.
- Identify suitable persons who could be considered for appointment to the Board of John Keells Holdings PLC and other Listed Companies in the Group, as Non-Executive Directors.
- Make recommendation on matters referred to it by the Board.

During the reporting period Dr. K A Gunasekera, was appointed as a Director of John Keells Hotels PLC consequent to approval obtained from the Committee.

The Committee continues to work with the Board on reviewing its skills mix, based on the immediate and emerging needs. Further, the Committee discusses with the Board the outputs of the Annual JKH Board Evaluation.

M A Omar

Chairman of the Nominations Committee

21 May 2020

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The objective of the Committee is to exercise oversight on behalf of the Board of John Keells Hotels PLC to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ("The Code") and with the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- there is compliance with "the Code" and Listing Rules of the CSE
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee reviewed and pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of John Keells Hotels PLC. Further, recurrent RPTs were reviewed annually by the Committee. Other significant transactions of non-listed subsidiaries were presented to the Committee for information.

In addition to the Directors, all Presidents, Executive Vice Presidents, Chief Executive Officers, Chief Financial Officers and Financial Controllers of the respective companies/sectors have been designated as KMPs in order to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

The Committee held four meetings during the financial year. Information on the attendance at these meetings by the members of the Committee is given on page 39.

The activities and views of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee's meetings.

ulle.

Ms. M P Perera Chairperson of the Related Party Transaction Review Committee

21 May 2020



Management

Discussion analysis

A DISTINCTIVE PURPOSE

We believe in promoting and cultivating sustainable growth and returns.

ALL ABOUT STRATEGY

VALUE CREATION BY THE GROUP

Our strategy while constantly evolving in response to the changing dynamics in our complex operating environment, remains steadfastly focused on achieving our vision of "We will always be the Hospitality Trendsetter". The following section describes our value creation model and how we create value for our stakeholders by achieving our strategic priorities.

VALUE CREATION MODEL

CAPITAL INPUTS

Financial Capital

Shareholders' funds

Rs. 28.75 Bn

Debt:

Rs. 28.6 Bn



Manufactured Capital

Hotel Properties

12



Human Capital Employees

2,533



Social and Relationship Capital

Guests

Suppliers

Partners

Communities

Intellectual Capital Tacit knowledge

Systems, processes and standards

Our Brand

Natural

Capital

Water usage: 523,070m3

Carbon Footprint: 15,784 tCO2e

Total Waste: 1,450 MT

VALUE CREATION PROCESS

Our Vision

We will always be the Hospitality Trendsetter



Our Strategy



ASSET LIGHT EXPANSION



BUILD A RECOGNISABLE BRAND



SUSTAINABILITY



ENHANCED COMMERCIAL OPERATIONS



DEVELOP PEOPLE CAPABILITY

VALUE DELIVERED

Outcomes

Outputs

Rs. 9.7 Bn

Rs. 2.32 Bn as Payments to employees

Rs. 95 Mn
Investment in training

Rs. 96 Mn In Tax payments

Rs. 3,657 Mn in Payments to suppliers

Rs. 6.8 Mn in Community investments

Impacts

1,450 MT Solid waste

327,550 m3 Effluents

15,784 tCO2e CO2 footprint



Shareholders

Sustainable Growth



Customers

Increased Guest Satisfaction



Employees

Conducive work environment and opportunities for career progression



Suppliers and Business Partners

Stronger partnerships



Community

Socio Economic empowerment and more responsible consumption of resources

KPIs

PAT growth Dividends Share price

KPIs

Guest Satisfaction Occupancy Rates

KPIs

Employee Productivity Payments to employees Training per employee

KPIs

Payments to suppliers Investment in supplier development initiatives

KPIs

Investment in CSR Energy and water consumption % of waste reduction Distinctive
Annual Report 2019/20 John Keells Hotels PLC

ALL ABOUT STRATEGY

HOW WE ENGAGE WITH OUR STAKEHOLDERS

The success of our brand depends on how relevant we are in an increasingly competitive and rapidly evolving environment. How we remain relevant is by constantly engaging with our stakeholders to understand their requirements and concerns. Formal and informal mechanisms are in place for engaging with each group of stakeholders on an ongoing basis and are reviewed regularly to ensure that the most effective mechanisms are in place to engage with different stakeholder groups.

OUR STAKEHOLDER ENGAGEMENT PROCESS Employees Shareholders Mode and Frequency of Engagement Identify Stakeholders Annual General Meeting • Staff Meetings (ongoing) Annual Report and Quarterly • Annual Performance Updates Appraisal Prioritise Stakeholders depending on Website (ongoing) • Employee Surveys (quarterly) potential impact our operation has on Stakeholder group • Open Door Policy for • Collective Agreements Investors (ongoing) (ongoing) Newsletters (quarterly) Key Topics and Concerns Raised Determine Engagement Mode • Financial Performance • Opportunities for Growth • Sustainable Growth • Attractive Remuneration and Benefits • Corporate Governance & **Determine Engagement Frequency** Ethics Training & Development • Risk Management Job Security Performance Management **Conduct Engagement** Health & Safety Considerations Strategic Response Performance is guided by We continue to deliver on our Evaluate findings and prioritise key a clear business strategy Peoples Promises in order concerns developed in response to to attract and retain the best market trends talent. Develop strategy based on findings Report to Stakeholders



Approach to Stakeholde	r Engagement, KeyTopic	s and Concerns raised		
Customers	Business Partners	Suppliers	Government and Regulatory Bodies	Community
 Guest Feedback forms (ongoing) Social Media Platforms (ongoing) Face to face interactions (ongoing) Customer Relationship Management (ongoing) 	 Site visits (ongoing) Face to face interaction 	 Procurement Process (ongoing) Supplier Forum (ongoing) Face to face interaction (ongoing) 	 Trade Association interactions (ongoing) Direct Dialogue (ongoing) Regulatory Reporting (ongoing) 	 CSR Programs Dialogue with community
Unique experiencesQuality of offeringValue for MoneyEase of transactionSecurity	 Ease of transaction Availability of up to date information on product offerings 	Timely paymentEase of transactionSupplier development	 Tax contributions Compliance with all laws and regulations Job creation Contribution towards uplifting communities Environmental Conservation 	 Environmental impacts Job creation Sponsorships
We continue to find innovative ways to offer unique experiences to our guests.	We work closely with business partners to create synergies.	We strive to create mutually rewarding longer term partnerships with our suppliers.	We ensure compliance with all relevant regulatory requirements and work closely with industry bodies to develop the industry.	We incorporate environmentally friendly practices into our operations and meaningfully engage with our communities.

WHAT IS MATERIAL TO US

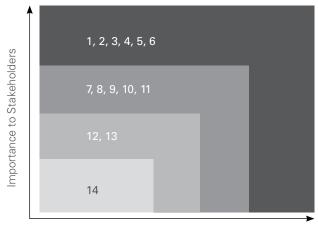
Determining our material matters is an ongoing process which involves identifying, reviewing, assessing and prioritising issues that could potentially have the most significant impact on the Group's ability to create value over the short, medium and long-term. Material matters are prioritised depending on their relative importance to stakeholders and potential impact on business operations. The identified material issues drive strategy formulation and form the basis of this Annual Report.

Our process of determining our material matters within the context of our strategy formulation process could be depicted as follows:



ALL ABOUT STRATEGY

The materiality matrix that plots material matters based on relative importance to stakeholders and potential impact of business operations is as follows;



Significance of impacts

	Ma	terial issue in 2019/20	Relevant SDG
	1.	Financial Performance	8 Inclusive events and
	2	Competitive Pressures	
	3	Macro Economic Risks	
Critical	4	Talent Attraction and Retention	4 man and and and and and and and and and a
	5	Service Quality/Customer Satisfaction	
	6	Operational efficiency	10 WINDLESS E STORAGE 12 STORAGE AND STORAGE 7 STORAGES 7 STORAGES 7 STORAGES
	7	Technology adoption	9 WINTER MANDEN
#	8	Shifts in Source Markets	
High Impact	9	Changing needs of travellers	3 mentures
	10	Government Policy	
	11	Safeguarding physical assets	
lmpact	12	Impact on local communities	11 Marie 11 11 11 11 11 11 11 11 11 11 11 11 11
Moderate Impact	13	Implications of climate change	14 If the Note 15 If
Low Impact	14	Raw material & supply chain risks	17 Petralizaria

introduce

sustainable

practices across

the group.

through unique

brand awareness

initiatives.

OUR STRATEGY

Pursue growth

opportunities in

regional markets

Develop

customised data

analytics program

In line with our triple bottom line approach our strategic priorities aim to create maximum value for all our stakeholders and revolve around the core areas of Asset Light Expansion, Building a recognisable Brand, sustainability, enhancing our commercial operations and developing our people capabilities. Each of our strategic priorities have identified KPIs which are monitored on an ongoing basis.



Progress in FY 2019/20	Resources Allocated	Кеу	Performance Indicate	ors		
Opening of Cinnamon Bentota Beach, Cinnamon Velifushi Maldives and Cinnamon Hakuraa Huraa Maldives	Rs. 26,692 Mn on Property, plant and equipment	, plant and Increase in room c		' '		
Increased use of data analytics for sales and marketing activities	USD 24,000 on digital channel management					
Several targeted training programs were carried out in collaboration with reputed international training institutions.	Rs. 95 Mn on training and development	Trai	117.5 hrs Average ining hours per employ	/ee		
Engaged in key industry recovery initiatives such as Bring a Friend Home campaign, FOT conference	Rs. 54.3 Mn on brand marketing	56	rerage occupancy rate 6% 61% dives Sri Lan	-		
Plastic Management Plan launched at all Resorts	Rs. 6.8 Mn on CSR	10% Reduction in total Carbon Footprint	6% Reduction in total Water Withdrawn	15% Reduction in total Waste		
Way forward 2020/21						
Pursue growth Deve	Develop innov	: : Drive ora	and equity	Continue to		

recruitment models

and continue to

invest on training

and development

ALL ABOUT STRATEGY

SUSTAINABILITY AGENDA

We are committed to integrating sustainability throughout our operations and value chain to create sustained value for all our stakeholders. A robust sustainability management framework which includes defined goals, clear guidelines, a reliable monitoring mechanism and transparent reporting system ensure that environmental stewardship and social responsibility are an integral element of our overall strategy.



We create employment opportunities and livelihoods in our communities by sourcing locally wherever possible. A significant proportion of our fresh produce is sourced from communities surrounding our resorts while hotel staff are hired from surrounding areas.



Direct employment opportunities

989



We provide a healthy and safe environment for all our employees by ensuring the highest health and safety standards are met on all our properties and by conducting regular awareness programs of health and wellness issues. Meanwhile, we promote good health and well-being in our communities through targeted CSR initiatives.



Wellness programs for employees



Cinnamon Hotels & Resorts continued the Youth Empowerment Programme as its comprehensive strategic CSR initiative supported by John Keells Foundation towards enhancing the employability of school leavers and youth of the respective areas, equipping them with the skills and practical exposure required to secure career opportunities in the hospitality or related industries. Meanwhile, ongoing training and development opportunities are provided for all employees to ensure professional development and up-skilling.



The programme impacted over 1,000 youth through its internship, English language & IT and open day programmes

1,000+



We continue to encourage greater female labour force participation within our organisation as well as at industry level. Initiatives such as the "Yeheliya" women worker networking forum has enabled our female employees to identify and address workplace concerns specific to women while promoting greater leadership among women employees. We are also committed to providing training opportunities for young women interested in joining the industry through the "Cinnamon Youth Development Program"



Overall female representation

11%

Management:

12%

Executives:

19%

Non-Executives:

10%

Female participants in "Cinnamon Youth Development Program"

75%



We are committed to reducing our dependence on fossil fuels and continue to adopt alternate energy sources such as solar power across our properties.



Energy generated from renewable sources



We are one of the largest hotel operators in the country providing employment opportunities to 1,888 employees across Sri Lanka and 645 employees across Maldives.



Employment Generation

Direct employment New Recruits during the year

Sri Lanka

Maldives

476



Energy and water efficiency initiatives carried across all our resorts to increase our efforts towards responsible resource consumption. Meanwhile, several programs were carried out across our properties to create awareness on reducing plastic consumption and reducing food waste.



Water intensity

946.12 litres/Guest Night



Energy Intensity

239.29 GJ/Guest Night



Landfill waste per Guest Night

0.607 Kg



We are committed to conserving our wildlife and natural habitats for future generations and continue to support conservation efforts through ground breaking projects such as Project Leopard, Project Gathering, Project Wild Blu in Sri Lanka and the Coral Propagation Project in the Maldives.



Decrease in rate of loss of livestock to predator killings

Reduction in incidents of humanelephant conflict

Sri Lanka being identified as a "Mega Pod for Whales"

Greater awareness on coral conservation

OPERATING ENVIRONMENT

GLOBAL ECONOMY

Global economic performance was subdued in 2019, with GDP recording a growth of 2.9% compared to 3.6% in 2018. Trade policy uncertainty, geopolitical tensions, country specific stress in key emerging market economies as well as weather related disasters in several regions continued to weigh on global economic activity during the year. In advanced economies growth slowed to 1.7% from 2.2% the previous year, reflecting uncertainty associated with Brexit as well as weaker manufacturing activity in Germany; although USA recorded a growth of 2.3% supported by the fiscal stimulus offered during the year. Growth in emerging markets and developing economies moderated to 3.7% in 2019, from 4.5% the previous year reflecting a structural slowdown in China as well as a deceleration in domestic demand in India.

GLOBAL TOURISM

Recording a growth for the Tenth consecutive year, international tourist arrivals increased by 4% to 1.5 billion in 2019. All regions saw a rise in international arrivals in 2019. However, uncertainty surrounding Brexit, the collapse of Thomas Cook, geopolitical and social tensions and the global economic slowdown all contributed to a slower growth in 2019, when compared to the exceptional rates of 2017 (+7%) and 2018 (+6%). This slowdown affected mainly advanced economies and particularly Europe and Asia and the Pacific. The Middle East continued to lead the growth (+8%) followed by Asia and the Pacific (+5%). International arrivals in Europe and Africa (both +4%) increased in line with the world average, while the Americas saw growth of 2%.

SRI LANKAN ECONOMY

Economic growth continued to decelerate, with GDP recording a modest growth of only 2.7% in 2019 compared to the growth of 3.2% in 2018. The Sri Lankan economy faced significant challenges in 2019 due to escalating security concerns following the April terror attacks, prolonged impacts of the political crisis in November 2018 as well as subdued global economic conditions. The Agriculture sector recorded a slower growth due to lower production in both tea and rubber. Industrial sector growth increased due to improvements in mining, guarrying and construction sub-sectors. Growth in the Services sector also slowed as accommodation, trade, F&B services recorded sharp deceleration. After significant volatility in 2018, the Sri Lankan Rupee remained relatively stable throughout 2019 appreciating by 1% against the US Dollar to close the year at Rs.189.63. Inflation levels meanwhile remained at single digit levels for the most part of 2019 reflecting weaker demand as economic activity moderated.



The economic impact is already visible in the countries most affected by the outbreak. In China industrial production, retail sales, and fixed asset investment dropped dramatically in January and February 2020 as a result of the lockdown. As more countries are forced to respond to the pandemic with stringent quarantine and containment, similar sharp economic activity slowdowns have been witnessed across the world in Q1 of 2020. – IMF April 2020



The global tourism industry has been thrown into turmoil as a result on the ongoing COVID-19 pandemic. The tourism industry is one of the most impacted industries due to wide-spread travel restrictions. As of early April, it was estimated that the number of flights globally was down 80% compared to 2019.- www.iata.org

CLUSTER REVIEW

SRI LANKA TOURISM

Tourist arrivals during the Calendar Year (CY) amounted to Rs. 1.9 Mn, a 18% decline from the record achievement of Rs. 2.33 Mn in CY2018. Following the Easter Sunday terror attacks, tourist arrivals to Sri Lanka slumped sharply, but improved gradually during the winter season from October to December. India, United Kingdom, China, Germany, and Australia were Sri Lanka's top five international tourist generating markets during the CY2019 although arrivals from all these markets recorded a decline compared to the previous year. India was the largest source of tourist traffic to Sri Lanka with 19% of the total traffic during this period. UK accounted for 10% of the total traffic; while China, Germany and Australia accounted for 9%, 7% and 5% respectively.

Total room capacity as at the end of September 2019 stood at 39,759 out of which 8,278 (21%) comprise of four and five-star category rooms. Despite the setback in tourist arrivals as a result of a tumultuous start to the year, the industry continued to attract investments, further increasing room inventory in the country. During the first half of 2019, the Sri Lanka Tourism Development Authority (SLTDA) granted approvals for 32 new hotel projects worth US dollars 26 Mn. As at the end of June 2019, 107 approved hotel projects were under construction, while 68 were yet to commence construction. Upon completion of these projects the room capacity will increase by 9,007.

In line with the decline in tourist arrivals, the Group's earnings from tourism declined by 12% to Rs. 9.7Bn during the CY. The Government implemented a range of concessions to help the revival of the leisure industry, including working capital loans, moratorium on loans taken by the tourism related businesses and a reduction in Value Added tax (VAT) from 15% to 7% with effect from 1 June 2019 and Tourism businesses where at least 60 percent of total inputs are sourced from local suppliers/sources were zero rated for VAT with effect from 1 December 2019. Despite this, profitability of the sector was significantly impacted during the year.



Tourist arrivals during the first three months of 2020 witnessed a sharp decline of almost 32% compared to the comparable period last year as a result of travel restrictions caused by COVID-19.

	2019	2020	Increase/ (Decrease)
January	244,239	228,434	(6%)
February	252,033	207,507	(21%)
March	244,328	71,370	(71%)
Total	740,600	507,311	(32%)

Distinctive
Annual Report 2019/20 John Keells Hotels PLC

CLUSTER REVIEW

MALDIVIAN TOURISM

The Maldivian tourism industry continued to perform well during the CY with tourist arrivals increasing by 14.7% to 1.7 million compared to a growth of 6.8% recorded in 2018. Europe, the country's largest source market accounting for 49% of total arrivals recorded a growth of 14.8%, while its second largest source market Asia Pacific region (41.4%) recorded a growth of 13.5%. In terms of countries, China remained the Countries single biggest source market, although India which accounted for 9.7% of arrivals in 2019 recorded the most significant increase of 83.5% compared to 2018. A relatively stable political and economic environment and continued government focus on developing the tourism sector through infrastructure development and policy support contributed to the admirable performance of the industry despite subdued global economic conditions. Strict measures to curb the spread of COVID-19 since February 2020 however have impacted tourist arrivals during the last two months in 2019/20 financial year in the Maldives as well.



Despite a growth in tourist arrivals to the Maldives during the month of January, arrivals dropped by almost 11% in February as the impact of COVID-19 began to be felt in key source markets, and the country put in place its own border restriction measures.

	2019	2020	Increase/ (Decrease)
Jan	151,552	173,347	14%
Feb	168,583	149,786	(11%)
Mar	162,843	59,627	(63%)
Total	482,978	382,760	(21%)

Ministry of Tourism, Republic of Maldives

COVID-19 IMPACT AND OUR RESPONSE

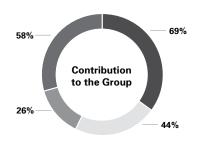
	Impact	Our Response
The outbreak of the COVID-19 pandemic	The outbreak of the COVID-19 pandemic presents the global tourism sector with a major and evolving challenge. In addition to the short-term impacts of global travel restrictions and heightened levels of uncertainty, the industry will need to brace itself for the longer-term impact of the impending economic fallout which will negatively impact disposable income levels and spending propensity well into 2021.	The health and safety of our employees and guests will continue to be our immediate priority. Therefore, we will ensure all mandated social distancing protocols and health checks are in place before recommencing operations that have now been halted.
Shifts in Source Markets	With the COVID-19 pandemic expected to significantly impact the economies of several of our key source markets including China, UK, and the EU region, shifts in source markets could also be expected.	We continue to review our marketing strategies and customer value proposition to attract a more diverse guest base from non-traditional markets. We will however continue to engage closely with our key markets in order to ensure that when the situation normalises, we will continue to be a top choice for travellers.
Digitisation of the travel Industry	Digitisation of the travel experience continues to be a mega trend impacting the industry. More and more guests are using online and mobile technology to make travel decisions, make reservations and share travel experiences. Technology is also expected to play an even larger role in the post COVID environment	We will continue to explore ways in which technology can be leveraged to improve our customer experience and widen on our reach.
Changing Needs of Travellers	,	We will continue to place close attention to global trends in order to proactively respond to evolving needs of the future travellers.

SRI LANKAN CLUSTER PERFORMANCE

Cinnamon Hotels and Resorts Sri Lankan cluster consists of eight hotels and resorts across Sri Lanka with a total room capacity of 1,022. Despite the challenging operating environment during the year the cluster recorded a revenue of Rs. 4,289 Mn in FY 2019/20, accounting for 44% of group revenue.

— PERF	ORMANCE HIGHLIG	HTS ————				
	ASSET			2019/20	2018/19	Change
	LIGHT EXPANSION	Property, plant and equipment	Rs. Million.	15,425	11,761	31%
		Room Capacity	No.	1,022	863	18%
	BUILD A RECOGNISABLE			2019/20	2018/19	Change
7'3	BRAND	Customer satisfaction	n rate	91%	75%	16%
	SUSTAINABILITY			2019/20	2018/19	Change
		Energy	GJ	65,365	70,451	(7%)
		Water Withdrawn	m3	413,650	440,742	(6%)
		Total Waste	MT	799	1,031	(23%)
		Carbon Footprint	tCO2e	10,897	11,609	(5%)
(202)	ENHANCED COMMERCIAL			2019/20	2018/19	Change
The state of the s	OPERATIONS	Revenue	Rs. Million.	4,290	5,685	(25%)
		PBT	Rs. Million.	(344)	872	(139%)
QQ	DEVELOP PEOPLE			2019/20	2018/19	Change
	CAPABILITY	Training Hours		253,564	91,774	176%

STRATEGY AND PERFORMANCE



 Carbon Footprint
 - 69%

 Revenue
 - 44%

 PBT
 - 26%

 Property, plant & equipment
 - 58%

Revenue in FY 2019/20 decreased by 25% to Rs. 4,290 Mn compared to the growth of 4% recorded during the previous year. Occupancy levels during the first half of the year were significantly impacted by the Easter Sunday terror attacks in April, although an increase in occupancy levels was witnessed towards the latter part of the financial year as a result of the gradual recovery in tourist arrivals. During the year the cluster directed significant efforts to maintain overall occupancy levels through targeted promotional offers and better revenue management. As a result, despite maintaining an average occupancy rate of 61% during the year, Average Room Rates (ARR) were lower during the year. The Sri Lanka cluster recorded a loss (before tax) of Rs. 344 Mn during the year under review.



CLUSTER REVIEW

How we achieved our Strategic Objectives



ASSET LIGHT EXPANSION Despite the challenging conditions during the year our expansion plans continued unabated. The newly restored and re-developed Cinnamon Bentota Beach, commenced operations from 15 January 2020 with 159 rooms including 16 luxury suites, 6 specialised restaurants, an artisan village and a dedicated Bawa museum. This flagship Cinnamon property, which was originally designed by renowned Sri Lankan Architect Geoffrey Bawa, was restored with an investment of Rs. 5.1 Bn in order to preserve iconic status and will be positioned as the epitome of luxury in the Group's leisure portfolio. Meanwhile, construction of the cluster's ninth property "Cinnamon Red Kandy" has commenced.



BUILD A RECOGNISABLE BRAND Our superior service levels are one of our key differentiators, and we continue to focus our efforts on further improving service standards. During the year, the "Service Manager Concept" was rolled out at Cinnamon Bentota Beach to strengthen service delivery levels by introducing a middle manager level. We also continue to find innovative ways of creating unique guest experiences that firmly etch the Cinnamon brand in the minds of our guests.



SUSTAINABILITY

As part of our efforts to create a world class operation that embraces environmental and social sustainability, several initiatives were introduced to encourage more responsible consumption of resources. The Plastic Management Plan was launched at all resorts aimed at introducing environmental friendly alternatives for single use plastics.. We are also reviewing our operations to improve efficiency by outsourcing repetitive activities and are currently in the process of rolling out a paperless initiative across the group. At the Presidential Environment Awards 2019, Trinco Blu by Cinnamon was awarded the Presidential Silver Award while Hikka Tranz by Cinnamon secured the merit award.



Improving our commercial operations through revenue management was a key focus during the year. We continued to drive online sales through our "Cinnamon Hotels and Resorts" website. Meanwhile, we are increasingly adopting a more data driven approach to sales and marketing decisions in order to maximize revenue by accurately predicting consumer behaviour. We are currently working on developing a customised data analytics program with an external consultant which will further enhance our sales prediction capabilities.



DEVELOP PEOPLE CAPABILITY During the year we entered into partnerships with several globally recognised training institutes to provide world class training opportunities to our employees. Key among these are the "On the Job Training (OJT)" and Middle Manager Development Programs carried out in collaboration with Singapore Hotel and Tourism Education Centre (SHATEC) and the "Train the trainers program" conducted in partnership with The Singapore Training and Development Association (STADA).

WAY FORWARD

The impact of the COVID-19 virus is expected to significantly dampen tourist arrivals in the short term while also impacting economic performance domestically and globally in the medium term. Continuous dialogue is held with our suppliers to ensure that they will be able to support our operations as and when the authorities allow us to commence business. We are monitoring the situation and will continue to work closely with all stakeholders involved to minimize the impact and expedite the recovery process. We however remain confident about the long-term prospects for the industry and will continue with our investments in line with our asset light growth model.

MALDIVIAN SECTOR PERFORMANCE

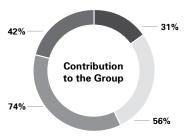
The cluster comprises of our four Maldivian resorts, Cinnamon Dhonveli Maldives, Ellaidhoo Maldives by Cinnamon, Cinnamon Hakuraa Huraaa Maldives, and our newest resort Cinnamon Velifushi Maldives which together have a room capacity of 454. The cluster contributed to 56% of group revenue in FY 2019/20 compared to 48% in FY 2018/19.

	ASSET LIGHT			2019/20	2018/19	Chang
	EXPANSION	Property, plant and equipment	Rs. Million	11,267	5,802	94
		Room Capacity	No.	454	260	74.6
(F)	BUILD A RECOGNISABLE			2019/20	2018/19	Chanç
)'()	BRAND	Customer satisfactio	n rate	91.6%	91%	0.7
	SUSTAINABILITY			2019/20	2018/19	Chang
		Energy	GJ	66,930	80,907	(17%
		Water Withdrawn	m3	109,420	113,995	(4%
		Total Waste	MT	651	681	(4%
		Carbon Footprint	tCO2e	4,887	5,875	(179
ENHANCED COMMERCIAL				2019/20	2018/19	Chang
	OPERATIONS	Revenue	Rs. Million	5,422	5,348	19
		РВТ	Rs. Million	(963)	208	(5629
DEVELOP PEOPLE	_			2019/20	2018/19	Chang
IT IT IT	CAPABILITY	Training Hours		34,873	23,426	49



CLUSTER REVIEW

STRATEGY AND PERFORMANCE



Carbon Footprint - 31%
Revenue - 56%
PBT - 74%
Property, plant & equipment - 42%

It was a year of consolidation for the cluster, where we continued to improve our existing infrastructure while embarking on our strategy of asset light expansion. Consequently, performance during the year was impacted by the partial closure of Cinnamon Dhonveli Maldives for refurbishment and start-up costs related to Cinnamon Hakuraa Huraa Maldives and the Group's new resort, Cinnamon Velifushi Maldives. Cinnamon Hakuraa Huraa Maldives was closed from May 2018 till December 2019 while being converted into a new hotel while Cinnamon Dhonveli Maldives underwent a refurbishment from May 2019 to January 2020 and operated with only 24 over water suites and 20 water bungalows. Cinnamon Velifushi Maldives, our latest addition only came into operation in October 2019. Sector performance was also impacted by a drop in occupancy during the fourth quarter as a result of COVID-19. The sector recorded a loss before tax of Rs. 963 Mn during the period 2020.

How we achieved our Strategic Objectives



ASSET LIGHT EXPANSION We continued with our strategy of asset light expansion with the opening of our fourth Maldivian Resort, Cinnamon Velifushi Maldives, in October 2019 which added 90 new rooms to our portfolio. Sublease rights of the island on which the resort is located on and the resort were acquired for a period of 10 years commencing 1 October 2019. During the year we also added room capacity with 12 new Beach Bungalows at Cinnamon Hakuraa Huraa Maldives and 4 additional rooms at Cinnamon Dhonveli Maldives.



BUILD A RECOGNISABLE BRAND We continue to invest in improving our brand proposition by refurbishing and upgrading our properties to provide customers a better experience. Both Cinnamon Hakuraa Huraa Maldives and Cinnamon Dhonveli Maldives underwent refurbishments during the year under review following the refurbishment of Ellaidhoo Maldives by Cinnamon last year. Our efforts to improve our customer experience through world class facilities and service levels continue to increase our brand value as indicative for the numerous awards we received during the year.



SUSTAINABILITY

Resorts within the sector continue to be recognised for their commitment towards sustainable operations. During the year Ellaidhoo Maldives by Cinnamon and Cinnamon Dhonveli Maldives secured the Green Globe certification for its ongoing commitment to deliver sustainability at all key touch points of its operation. Meanwhile several initiatives were carried out during the year to promote responsible consumption of resources. The Plastic Management Plan was extended to our properties in Maldives to reduce single use plastics and novel initiatives such as No-Bin Day at Cinnamon Dhonveli Maldives were carried out to create awareness about reducing food waste.



DEVELOP PEOPLE CAPABILITY We continue to provide our staff world class learning and development opportunities. During the year, a total of 34,873 training hours were provided for 645 employees across our resorts.

WAY FORWARD

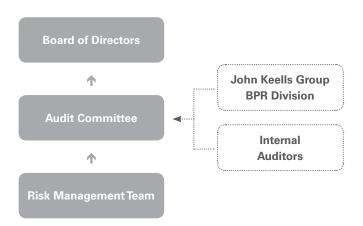
We remain buoyant about the medium to long term prospects for the cluster considering the relatively stable political and economic environment as well as the government focus on further developing the tourism sector in the country. With all four of our properties in full operation we are well positioned to take advantage of the expected long-term growth prospects. In the short run however, we expect COVID-19 to have an impact on performance and are currently in the process of strategising how to best manage the situation.

RISK MANAGEMENT

To continue being a sustainable business, we believe we must anticipate and adapt to the changes in our markets and operating environment. Managing the associated risks prudently and systematically is key to creating and protecting value, for all our stakeholders.

RISK GOVERNANCE

Risk management is inextricably linked to our strategy. We understand the risks associated with our business and we manage them proactively and effectively, within our risk appetite and tolerance levels and as guided by the John Keells Group Risk Management Policy.



The Board bears ultimate responsibility for managing risk and is assisted in the discharge of duties by the Audit Committee who has oversight responsibility for matters relating to risk and internal control. The John Keells Group Business Process Review (BPR) Division together with the outsourced Internal Auditors supports the Audit Committee in performing its role of assurance through regular reviews and recommendations on the robustness of the internal control systems in place. Responsibility for effective execution of risk management at executive level lies with the Sector Risk Management Team comprising the Leisure Group President, Sector Heads, Chief Financial Officer and Functional and Operational Managers, fostering a high level of risk awareness across the organisation.

A formalised framework of risk management policies ensure that standardised tools and techniques are used across all properties for the identification, analysis and mapping, management and reporting and monitoring of risks. The John Keells Group Sustainability and Enterprise Risk Management (ERM) division confirms alignment of the policy framework of the business unit/sector with that of the parent, John Keells Holdings PLC through ongoing review, assessment and guidance on implementation.

RISK MANAGEMENT PROCESS

The risk management process is carried out through an online Enterprise Risk, Audit, and Incident Management platform that maintains a live and dynamic risk register for the Group. The system provides a real time and comprehensive assessment of the Group's risk profile, delivering metrics that support identification and management of material issues and principal risks faster and more proactively. Linked to business goals, it enables informed risk-taking which is critical for entrepreneurship and growth and builds agility and readiness in the face of fast evolving risks.

Following the Easter Sunday terrorist attacks in April 2019 and the pandemic outbreak of COVID-19 towards the end of the financial year, the Group conducted a comprehensive review of the risk management register where "Terrorism" and Global Pandemic Outbreak" were added as new risk categories. Appropriate mitigation measures were identified, and respective risks regularly reviewed, monitored and managed.



RISK MANAGEMENT

PRINCIPAL RISKS

RiskTrend	Increase 🔺	Decrease 🔻	No change
Net Risk Assessment	High •	Moderate	Low O

Risk factor	Potential impact	Mitigating actions
1. Global Pandemic Outbreak		
Description International travel restrictions, imposition of travel advisories against Sri Lanka, Maldive and local travel restrictions Risk trend compared to 2018/19	'	 Follow latest guidance and recommendations of government, global health agencies (i.e. WHO) and public health officials on implementation of appropriate health and safety measures for staff and guests, to curb the spread of disease at Group properties.
Impact 🔺 Likelihood 🔺	_	Adhere to latest protocols on hygiene and cleaning
Net Risk Assessment	_	at Group properties
		 Reassure employee and existing and potential guests of the Group's commitment to their safety and well-being, through a dedicated page on the Group website.
		Business Continuity Plan (BCP) in place
2. Macro-Economic Risk		

Description

The macro economic environment in Sri Lanka and the Maldives has changed dramatically since the outbreak of the COVID-19 pandemic. The effectiveness and efficiency of measures taken by the respective Government will be a key consideration on how fast the economy recovers.

Risk trend compared to 2018/19

Impact 📤

Likelihood A

Net Risk Assessment

- Fluctuations in interest rates, exchange rates, and inflation directly impacts profitability.
- Recession will negatively impact customer spending propensity and affordability, affecting local demand for our service
- Consideration of economic stimulus packages offered by the Government including debt moratoriums
- Monitoring economic trends and outlook on an ongoing basis. Giving due consideration when formulating Strategic Corporate plans
- Hedging exposure to currency fluctuations on USD loans, through foreign currency earnings
- Geographic diversification across two countries; Sri Lanka and Maldives

3. Shift in Source Markets

Description

The COVID-19 pandemic is expected to significantly impact the economies of several key source markets including China, India, UK, Russia and the EU region. Shifts in source markets could be expected.

Arrivals from emerging markets, particularly China and India have in the past been increasing, accounting for a higher proportion of tourists into the country.

Risk trend compared to 2018/19

Impact A

Likelihood A



Net Risk Assessment

- Inability to effectively respond to market dynamics could result in a decline in competitiveness and overall market share
- Focused market strategies to pursue growth in non-traditional markets, particularly China and India
- · Customising service levels and product offerings to cater to emerging market expectations

4. Changing Needs of Travellers Description Difficulties in building brand • High level of guest engagement through Post COVID-19, pay cuts and financial loyalty satisfaction surveys, social media platforms and difficulties may result in shift in consumer face to face interactions which includes positioning Erosion of market share mindsets towards more frugal lifestyles and staff with multilingual skills in guest interface Impact on profitability safer experiences. Proactively responding to areas. margins changing customer preferences and offering Reviewing and innovating our experiential offerings a guest experience that meets their needs is to cater to evolving requirements essential in increasing customer satisfaction and growing market share. Risk trend compared to 2018/19 Likelihood A Impact \triangle Net Risk Assessment 5. Competitive Pressures Pressure on room rates and Brand development initiatives to enhance loyalty Description ARRs thereby impacting Increased competition from capacity Proactively monitoring our capacity utilisation expansions by both the formal and informal profitability margins Multi-channel distribution with increased focus on sector and the increasing popularity of Difficulties in building alternative hospitality models (such as online channels brand loyalty home-stay and apartments). • Strengthened relationships with travel agents Intense competition for Risk trend compared to 2018/19 Guaranteed inventory agreements with direct industry talent Likelihood A Impact A operators Net Risk Assessment Strategic focus on enhancing service delivery 6. Threat from Terrorist Activities Description Lower arrivals • Increase security checks on vehicles and guests tourist Possible attacks on civilians and economic places pressure on room Business interruption insurance cover in place target by terrorists may lead to civil unrest rates and ARRs, squeezing Property all risk insurance in place and imposition of travel advisories against margins and reducing Sri Lanka profits Business Continuity Plan (BCP) in place Risk trend compared to 2018/19

7. Talent Attraction and Retention

Net Risk Assessment

Description

Impact >

The shortage of skilled hospitality industry personnel in the country continues to be a key risk factor for leisure sector operators. The comprehensive training, we provide our employees makes them sought-after talent in the industry.

Risk trend compared to 2018/19

Impact >

Likelihood

Likelihood V

Net Risk Assessment

- Challenges in maintaining service quality
- Increased costs associated with new recruitments
- Impact on competitive edge and brand loyalty
- Ongoing investment in talent and competency development
- Collaboration with universities and institutions to attract graduates from Hospitality Management programmes
- Opportunities for career progression
- Strengthening rewards and benefit schemes

RISK MANAGEMENT

Net Risk Assessment O

Risk factor	Potential impact	Mitigating actions
8. Maintaining Service Quality and Operat	ional Efficiency	
Description Pressure on yields and increasing competition for labour has compelled the Group to seek ways of enhancing productivity and efficiency of employees in order to ensure superior service quality for our customers Risk trend compared to 2018/19 Impact Likelihood	 Inadequacies in operational efficiency can potentially affect overall profitability Direct impact on guest satisfaction, competitiveness and market share. 	 Compliance with several national and international accreditations and certifications, drives highest standards in quality and efficiency. Implementation of a robust Property Management System facilitates tracking and analysis of key performance indicators of each hotel and allows to benchmark operational efficiency against global best practices. Investment in up-skilling employees.
Net Risk Assessment		
9. Government Policy		
Description This risk exposure arises from ad hoc changes to existing local statutes and lack of predictability in enforcement timelines Risk trend compared to 2018/19 Impact Likelihood Net Risk Assessment	 Ambiguity of interpretation Difficulties in planning and budgeting resulting in financial as well as reputational losses. 	 The Group manages this risk exposure by consistently monitoring and reviewing legal requirements and statutory returns. Compliance audits are also conducted regularly by the Internal Audit function. The Group also continuously reviews and upgrades its information systems to detect and report deviations. These risks are also monitored at parent company level, with ongoing guidance provided by the John Keells Group legal division
10. Implications of Climate Change and Pla	astic Pollution	
Description Implications include decline of ecosystems, increases in temperature, decline in biodiversity and increase in natural disasters and can potentially impact all industries, including leisure. We have increasingly felt the implications of climate change with erratic weather conditions having a direct impact on tourist arrivals during the year. Risk trend compared to 2018/19 Impact Likelihood	Unfavourable weather conditions and the decline in biodiversity could impact Sri Lanka's and Maldives' attractiveness as a travel destination.	 We continue to monitor a range of environmental indicators including water, energy, waste and carbon footprint Ongoing efforts to reduce the consumption of natural resources and single-use plastics. Guests are made aware of our efforts and encouraged to engage in improving our environmental footprint, through notices, leaflets, and annual earth hour celebrations at all properties

• Supplier evaluation checklists have been developed

Supply contracts are rotated on a regular basis

supplier assessment.

in line with the John Keells Group's criteria for

Risk factor	Potential impact	Mitigating actions
11. Cyber Risk		
Description All significant processes are supported by one or many Internet driven services	assets of the Group	 Well-defined cyber security incident response process. Training employees and creating staff awareness
Risk assessment compared to 2018/19 Impact Likelihood Net Risk Assessment O	in the event of a potential loss	on the importance of maintaining information security and handling of sensitive information. Implementation and regular testing and verification of network protection technology
12. Impacts on Local Communities		
Description Our operations impact the communities around our properties through employment generation, environmental bearings and factors among others Risk assessment compared to 2018/19 Impact Likelihood Net Risk Assessment O	 Inadequate engagement and inability to fully fulfil the expectations of the surrounding communities can lead to reputational losses, community unrest and ultimately impact our social license to operate. 	neighbouring communitiesCreating opportunities for youth in the local communitiesSponsorships and donations for cultural, religious
13. Safeguarding Physical Assets		
Description Natural disasters, fire, accidents crime and unethical behaviour in and around the resorts can result in destruction and/or loss to our assets. Risk assessment compared to 2018/19 Impact Likelihood Net Risk Assessment O	Financial lossesReputational damageDisruptions in operations	 Documented business continuity and disaster recovery plans. 24-hour security on premises, signage in appropriate locations to increase staff and guest awareness Insurance coverage for physical damage of properties Employees are continuously provided training on fire-fighting procedures and emergency support, among others
14. Raw Materials and Supply Chain Risks		
Description The Group's key raw materials comprise of food inputs which are sourced from	 Inadequate supply of raw materials and/or procurement of inferior 	 Nurtured relationships with a diverse pool of suppliers thereby limiting exposure to a single party

quality raw materials can

Disruptions to operations •

lead to,

- Financial losses

- Reputational losses

multiple suppliers, house-keeping items and

Risk assessment compared to 2018/19

Likelihood

electronic equipment among others

Net Risk Assessment O

Impact |

INVESTOR INFORMATION

DISTRIBUTION OF SHAREHOLDERS

There were 6,488 registered Shareholders as at 31 March 2020 (6,510 as at 31 March 2019) distributed as follows:

		As at 31	March 2020			As at 31 N	1arch 2019	
	No. of		No. of		No. of		No. of	
No. of Shares held	Shareholders	%	Shares held	%	Shareholders	%	Shares held	%
1 to 1,000	3,541	54.58	1,310,513	0.09	3,488	53.58	1,319,342	0.09
1,001 to 10,000	1,998	30.80	7,822,836	0.54	2,049	31.47	8,106,569	0.56
10,001 to 100,000	784	12.08	23,945,640	1.64	797	12.24	24,588,352	1.69
100,001 to 1,000,000	142	2.19	39,322,601	2.70	153	2.35	41,817,703	2.87
Over 1,000,000	23	0.35	1,383,745,190	95.03	23	0.35	1,380,314,814	94.79
Total	6,488	100.00	1,456,146,780	100.00	6,510	100.00	1,456,146,780	100.00

COMPOSITION OF SHAREHOLDERS

	As	at 31 March 2020		As at 31 March 2019			
	No. of	No. of		No. of	No. of		
	Shareholders	Shares held	%	Shareholders	Shares held	%	
John Keells Holdings PLC	1	1,169,598,478	80.32	1	1,169,598,478	80.32	
Directors & Spouses	-	-	-	-	-	-	
Public - Resident							
Institution	238	165,280,482	11.35	255	183,248,779	12.58	
Individual	6,172	92,217,939	6.33	6,167	70,059,247	4.81	
Public - Non Resident							
Institution	6	18,810,441	1.30	6	22,594,828	1.55	
Individual	71	10,239,440	0.70	81	10,645,448	0.73	
	6,488	1,456,146,780	100.00	6,510	1,456,146,780	100.00	

The percentage of the shares of the Company held by the Public as at 31 March 2020 was 19.68% (2019 - 19.68%)

DIRECTORS & SPOUSES SHAREHOLDINGS

The shares held by Directors and their spouses in the Company and the Group as at 31 March 2020 are as follows:

	As at 31 March 2020
Mr. K N J Balendra - Chairman	Nil
Mr. J G A Cooray	Nil
Mr. J R Gunaratne	Nil
Mr. J E P Kehelpannala	Nil
Mr. M H Singhawansa	Nil
Mr. T L F W Jayasekara	Nil
Ms. A K Moonesinghe	Nil
Mr. N B Weerasekera (resigned w.e.f. 31 October 2019)	N/A
Mr. K A Gunasekera (appointed w.e.f. 06 November 2019)	Nil

MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

	2019/20	Date	2018/19	Date
SHARE INFORMATION				
Highest Price (Rs.)	12.90	02-12-2019	10.10	24-04-2018
Lowest Price (Rs.)	6.60	20-03-2020	7.20	27-03-2019
As at period end (Rs.)	6.70	20-03-2020	7.50	29-03-2019
TRADING STATISTICS				
Number of Transactions	5,498			
Number of Shares Traded	41,208,693			
% of Total Shares in Issue	2.83	2.22		
Values of all Shares Traded (Rs.)	371,957,365		248,334,576	
Average Daily Turnover (Rs.)	1,653,144	1,052,265		
Market Capitalisation (Rs.)	9,756,183,426	10,921,100,850		
Float Adjusted Market Capitalisation (Rs.)	1,919,873,623		2,149,112,265	

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY

	31 March 2020		31 March 2019	
	No. of Shares	%	No. of Shares	%
JOHN KEELLS HOLDINGS PLC	1,169,598,478	80.32	1,169,598,478	80.32
EMPLOYEES PROVIDENT FUND	78,474,454	5.39	78,474,454	5.39
SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	53,655,250	3.68	53,655,250	3.68
MR. R.S. CAPTAIN	23,099,913	1.59	-	-
CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	17,380,056	1.19	21,380,056	1.47
MRS. J.M. BLACKLER	6,514,760	0.45	-	-
MERCANTILE FORTUNES (PRIVATE) LTD	3,800,000	0.26	3,800,000	0.26
SEYLAN BANK PLC A/C NO. 3	3,326,811	0.23	3,326,811	0.23
BANK OF CEYLON-NO2 A/C	2,725,266	0.19	2,725,266	0.19
MR R.T. JINASENA	2,516,765	0.17	2,516,765	0.17
MRS. V. SARASWATHI	2,449,989	0.17	1,651,612	0.11
MR. T.R. JINASENA	2,351,568	0.16	2,351,568	0.16
MR. K.D.A. PERERA	2,044,600	0.14	2,044,600	0.14
NATIONAL SAVINGS BANK	2,011,205	0.14	5,541,205	0.38
MR. U.G. MADANAYAKE	2,000,000	0.14	2,000,000	0.14
MERRILL J FERNANDO & SONS (PVT) LTD	1,911,573	0.13	1,911,573	0.13
E.W. BALASURIYA & CO. (PVT) LTD	1,851,626	0.13	1,851,626	0.13
MRS N. WEERASINGHE	1,556,706	0.11	1,556,706	0.11
PEOPLE'S LEASING & FINANCE PLC / L. P. HAPANGAMA	1,533,879	0.11	1,533,879	0.11
MR. K.D.H. PERERA	1,318,176	0.09	1,256,090	0.09
	1,380,121,075	94.78	1,357,175,939	93.20
Shares held by balance shareholders	76,025,705	5.22	98,970,841	6.80
TOTAL	1,456,146,780	100.00	1,456,146,780	100.00

Financial

Information

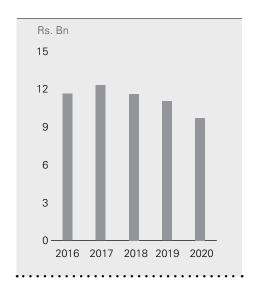
A DISTINCTIVE ACHIEVEMENT

During the year we recorded strong results despite a turbulent operating environment.

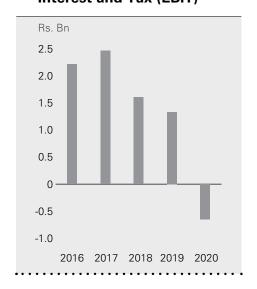
FINANCIAL CALENDAR

Year ended 31 March	2020	2019
Audited Financial Statements signed on	21 May 2020	24 May 2019
Annual General Meeting	To be notified	28 June 2019
Interim Financial Statements		
1st Quarter Interim Results released on	23 July 2019	26 July 2018
2nd Quarter Interim Results released on	23 October 2019	26 October 2018
3rd Quarter Interim Results released on	27 January 2020	28 January 2019
4th Quarter Interim Results released on	21 May 2020	27 May 2019

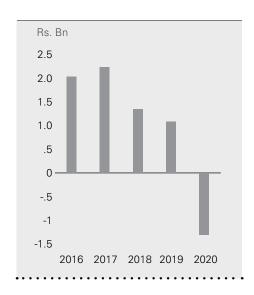
Revenue



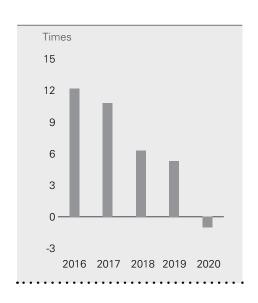
Earnings Before Interest and Tax (EBIT)



Profit Before Tax



Interest Cover



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ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting the 41st Annual Report of John Keells Hotels PLC ("Company") together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of John Keells Hotels PLC and its Subsidiaries ("Hotel Group") for the year ended 31 March 2020.

The Company was incorporated as a Limited Liability Company in 1979 as Keells Hotels Limited. The Company was listed on the CSE in 2004 as John Keells Hotels PLC. Pursuant to the requirements of the Companies Act, the Company was reregistered and obtained a new Company number PQ 8 in 2007.

CORPORATE CONDUCT AND THE VISION OF THE COMPANY

The business activities of the Company and the Hotel Group are conducted in accordance with the highest levels of ethical standards to achieve the vision - "We Will Always Be The Hospitality Trendsetter".

PRINCIPAL ACTIVITIES

The principal activity of the Company, which is investment, remained unchanged. The principal activities of its subsidiaries, which is hoteliering, also remained unchanged.

ULTIMATE PARENT

The Company's ultimate Parent and controlling entity is John Keells Holdings PLC (JKH), a company in Sri Lanka.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The financial and operational performance, during the year ended 31 March 2020 and future business development of the Company and Hotel Group, is provided in the Chairman's Review and The Management Discussion and Analysis of Operations. These reports, which form an integral part of this Annual Report of the Board of Directors, together with the Audited Financial Statements, reflect the state of affairs of the Company and the Hotel Group.

CORPORATE GOVERNANCE

Chairman's declaration

The Chairman declares that there were no departures from any of the provisions of the Code of Business Conduct & Ethics.

Directors' declarations

The Directors declare that;

- a) the Company and its subsidiaries have complied with all applicable laws and regulations in conducting its business.
- b) they have declared all material interests in contracts involving the Company and its subsidiaries and refrained from voting on matters in which they were materially interested.

- the Company has made all endeavours to ensure the equitable treatment of shareholders.
- d) the business is a going concern with supporting assumptions or qualification as necessary, and
- e) they have conducted a review of internal control covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.
- f) the Company has a Code of Business Conduct & Ethics for Directors and members of the senior management team and that all Directors and members of the senior management team have complied with this Code.
- g) The Company being listed on the Colombo Stock Exchange (CSE) is compliant with the rules on Corporate Governance under the Listing Rules of the CSE with regard to the composition of the Board and its Sub-Committees
- h) The Company is fully compliant with the Code of Best Practice on Corporate Governance (2013) jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Company is almost fully compliant with the 2017 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the John Keells Group.

Board Evaluation

The Board conducted its annual Board performance appraisal for the financial year 2019/20. This formalised process of individual appraisal enabled each member to self-appraise, on an anonymous basis, the performance of the Board under the areas of:

- Role clarity and effective discharge of responsibilities
- People mix and structures
- Systems and procedures
- Quality of participation
- Board image

The scoring and open comments are collated by the Senior Independent Director, and the results are analysed to give the Board an indication of its effectiveness as well as areas that require addressing and/or strengthening. Despite the original anonymity of the remarks, the open and frank discussions that follow include some Directors identifying themselves as the person making the remark, reflecting the openness of the Board. This process has led to an improvement in the Board dynamics and its effectiveness.

The Corporate Governance practices of the Company are described on pages 28 to 39 of this Annual Report.

HUMAN RESOURCES

The Company continued to implement appropriate human resource management policies to develop employees and optimise their contribution towards the achievement of corporate objectives. The policies and procedures ensure the equitable treatment of all employees.

There were no material issues pertaining to employees and industrial relations during the year under review.

SYSTEM OF INTERNAL CONTROL

The Board has acknowledged their responsibility for the system of internal controls of the Company and its subsidiaries and has implemented an effective and comprehensive system of internal controls, which provide reasonable but not absolute assurance that assets are safeguarded and that the financial reporting system may be relied upon in the preparation of the Financial Statements. The Audit Committee receives and acts upon reports on the results of internal control reviews carried out by outsourced Internal Auditors.

RISK MANAGEMENT

The Board confirms that there is an ongoing process for identifying, evaluating, managing, and mitigating any significant risks faced by the Company, that financial, operational and compliance controls have been reviewed. Risk assessment and evaluation for the Company takes place as an integral part of the business and the Board Audit Committee reviews the principal risks and mitigating actions in place regularly. The Board, through the involvement of the Group Business Process Review (BPR) Division takes steps to gain assurance on the effectiveness of control systems in place. The Head of Group BPR Division has direct access to the Chairman of the Audit Committee. Foreseeable risks that may materially impact the business are disclosed in the Chairman's Review on pages 19 to 21 and Risk Management practices on pages 63 to 67 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board has received assurance from the Board Audit Committee and confirms that the Company has complied with all applicable laws, rules, and regulations in the territories in which it operates.

GOING CONCERN

The Board of Directors, after considering the financial position, operating conditions, regulatory and other factors, and such matters required to be addressed in the Code of Best Practice on Corporate Governance (2013) issued jointly by the SEC and CA

Sri Lanka, have a reasonable expectation that the Company, its subsidiaries possess adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

IMPACT OF COVID-19

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. In March 2020, the Group evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios, relating to expected revenue streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing services to ensure businesses continue as least impacted as possible.

Having presented the outlook for each company of the group to the Board of John Keells Hotels PLC and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries, associate and joint venture have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Company. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the CSE and the Code of Best Practice on Corporate Governance (2013) issued jointly by the SEC and CA Sri Lanka. The Statement of Directors' Responsibility for financial reporting is given on page 81 and forms an integral part of this Annual Report of the Board of Directors.

REVENUE

The revenue of the Hotel Group from its operations amounted to Rs. 9,712 Mn (2018/19 - Rs. 11,033 Mn). Revenue contribution to the Hotel Group from different geographical segments is provided in Note 7.1 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

FINANCIAL RESULTS

The Company recorded a profit after tax of Rs. 177.5 Mn (2018/19 - Rs. 324.4 Mn), while the Group recorded a consolidated net loss

after tax of Rs. 1,201.4 Mn (2018/19 – profit of Rs. 831.7 Mn) for the year under review. A synopsis of the Company's and Group's performance is presented below:

As at 31 March	Grou	ıp	Comp	any
Rs. 000′	2020	2019	2020	2019
After making provision for doubtful debts, all known liabilities and depreciation on property, plant, equipment the profit / (loss) earned before interest was	(653,853)	1,330,888	203,289	338,451
Interest paid during the year was	(653,104)	(251,103)	(38,190)	(8,556)
Profit / (loss) before tax was	(1,306,957)	1,079,785	165,099	329,895
From which was (deducted) / reversed the provision for taxation, including deferred taxation of	105,565	(248,090)	12,450	(5,428)
Leaving a net profit / (loss) after tax of	(1,201,392)	831,695	177,549	324,467
The profit attributable to the non-controlling interest was	(824)	(14,885)	-	-
The amount attributable to the Company and the Group was therefore	(1,200,568)	816,810	177,549	324,467
When the balance brought forward from the previous year was added	9,695,525	9,075,560	3,170,093	3,064,048
The amount available for appropriation was	8,494,957	9,892,370	3,347,642	3,388,515
Other adjustments	28,747	21,577	-	-
Dividend paid during the year	-	(218,422)	-	(218,422)
Leaving a balance to be carried forward to the next year of	8,523,704	9,695,525	3,347,642	3,170,093

DIVIDENDS

There was no dividend paid for the financial year ended 31 March 2020.

However, if a dividend is declared, it is preceded by a confirmation from the Board of Directors that the Company will satisfy the requirements of Section 56 (2) of the Companies Act No. 7 of 2007, and that it will also satisfy the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007. The Board will also obtain a certificate from the Auditors, prior to recommending the dividend.

PROVISION FOR TAXATION

The details of the tax provision of the Group is disclosed in Note 18 to the Financial Statements.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on page 82 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The book value of property, plant, and equipment as at the reporting date amounted to Rs. 26,692 Mn (2018/19 - Rs. 17,563 Mn) for the Group. Capital expenditure for the Group amounted to Rs. 9,580 Mn (2018/19 - Rs. 3,917 Mn). Details of property, plant and equipment and their movements are given in Note 21 to the Financial Statements.

MARKET VALUE OF PROPERTIES

Freehold land and buildings of the Group are subject to routine revaluation by independent qualified valuers. The most recent valuation in respect of Group was carried out as at 31 December 2019. Details of property valuations, including the valuation method and effective date of these valuations are provided in Notes 21.2 to the Financial Statements.

INVESTMENTS

The details of investments held by the Company and the Hotel Group as at 31 March 2020, are given in Notes 26, 27, 28 to the Financial Statements.

IMPAIRMENT ASSESSMENT

The Board of Directors has evaluated impairment loss in relation to property, plant, and equipment, intangible assets and investments. Based on the assessment the investment made by the Company and the Group do not warrant any impairment in the year 2019/20 (2018/19 - Nil).

STATED CAPITAL

The total Stated Capital of the Company as at 31 March 2020 stood at Rs. 9,500.2 Mn (2019 - Rs. 9,500.2 Mn) divided into 1,456,146,780 Ordinary Shares (2019 - 1,456,146,780 Ordinary Shares).

RESERVES

The movement in Other Components of Equity and Revenue Reserves of the Company, its subsidiaries, joint ventures and associates are shown in the Statement of Changes in Equity on page 88 of this Report.

SEGMENT REPORTING

Geographical segment-wise contribution to the Hotel Group revenue, results, assets, and liabilities is provided in Note 7 to the Financial Statements.

SHARE INFORMATION AND SHAREHOLDINGS

The market value of an Ordinary Share of the Company as at 31 March 2020 was Rs. 6.70 (31 March 2019 - Rs. 7.50). Information relating to earnings, dividends, net assets, and market value per share is given in page 22 of this Report. The number of shareholders as at 31 March 2020 was 6,488 (31 March 2019 - 6,510). An analysis of shareholders based on shares held, the distribution of ownership and details of share transactions during the year are provided on pages 68 to 69 of this Annual Report. The list of top twenty shareholders of the Company as at 31 March 2020 is also provided on page 69 of this Annual Report.

FLOAT ADJUSTED MARKET CAPITALISATION

As at 31 March 2020, Company had a float adjusted market capitalisation of Rs. 1,919.8 Mn and 6,488 public shareholders (19.68% public shareholdings). Therefore, the Company is compliant under option 01 of the minimum threshold requirements for the Diri Savi Board of the CSE, as per section 7.6 of the Listing Rules of the CSE.

EQUITABLE TREATMENT TO ALL SHAREHOLDERS

The Company has made every endeavour to ensure the equitable treatment of all shareholders and has adopted adequate measures to prevent information asymmetry.

INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the CSE in a timely manner.

DIRECTORS

The Board of Directors of the Company as at 31 March 2020 and their brief profiles are given on pages 25 and 27 of this Report. The Board of the Company is comprised of Non-Executive Directors, three of whom are independent.

In accordance with Article 90 of the Articles of Association of the Company, Dr K A Gunasekera who retires and being eligible will offer himself for re-election at the Annual General Meeting. A brief profile of Dr K A Gunasekera is contained in Page 27 of this Annual Report.

In accordance with Article 84 of the Articles of Association of the Company, Mr J G A Cooray and Mr J E P Kehelpannala who retires and being eligible will offer themselves for re-election at the Annual General Meeting. A brief profile of Mr J G A Cooray and Mr J E P Kehelpannala are contained in Page 25 and 26 of this Annual Report.

Mr N B Weerasekera resigned from the Board of the Company with effect from 31 October 2019.

Dr K A Gunasekera was appointed to the Board of the Company with effect from 06 November 2019.

RESPONSIBILITIES OF THE BOARD

Details of responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the Corporate Governance section of this Annual Report.

BOARD SUB-COMMITTEES

Audit Committee

The following Independent Non-Executive Directors of the Board served on the Audit Committee during the financial year ended 31 March 2020:

MrTLFW Jayasekara (Chairman)

Ms A K Moonesinghe

Mr N B Weerasekera (Resigned w.e.f 31 October 2019)

Dr K A Gunasekera (appointed w.e.f 06 November 2019)

The Audit Committee reviewed the type and quantum of services provided by the external Auditors to the Hotel Group to ensure that their independence as Auditors has not been impaired. The Report of the Audit Committee is given on page 40 of this Annual Report.

Human Resources and Compensation Committee

As permitted by the Listing Rules of the CSE, the Human Resources and Compensation Committee of JKH, the Parent Company of John Keells Hotels PLC, functions as the Human Resources and Compensation Committee of the Company. The Human Resources and Compensation Committee of JKH comprises of three Independent Non-Executive Directors:

Mr D A Cabraal – *Chairman*

Mr M A Omar

Dr S S H Wijayasuriya

The Report of the Human Resources and Compensation Committee and the remuneration policy of the Company are detailed in the Corporate Governance Report on Page 42 of this Annual Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Nominations Committee

Nominations Committee of the Parent Company JKH functions as the Nominations Committee of the Company and conforms to the requirements of the Listing Rules of the CSE.

The report, mandate and the scope of the Nominations Committee is set out in Page 43 of this Annual Report.

The Nominations Committee members of the parent company, JKH are as follows;

Mr M A Omar - Chairman

Dr S S H Wijayasuriya

Mr K N J Balendra

Dr R Coomaraswamy (Resigned w.e.f 31 December 2019)

Ms M P Perera (Resigned w.e.f 24 May 2019 and re-appointed w.e.f. 01 January 2020)

Related Party Transactions Review Committee

Related Party Transactions Review Committee of the Parent Company JKH, as permitted by the listing rules of the CSE, functions as Related Party Transactions Review Committee of the Company and conforms to the requirements of the Listing Rules of the CSE.

The Related Party Transactions Review Committee members of the parent company, JKH are as follows;

Ms M P Perera - Chairperson

Mr A N Fonseka

Mr D A Cabraal

Mr K N J Balendra

The report, mandate and the scope of the Related Party Transactions Review Committee is set out on Page 44 of this Annual Report.

Project Risk Assessment Committee

The Project Risk Assessment Committee of the parent company, JKH, functions as the Project Risk Assessment Committee of the Company and its subsidiaries. The Project Risk Assessment committee members of the parent company are as follows;

Dr S S H Wijayasuriya - Chairman

Ms M P Perera

Mr K N J Balendra

Mr J G A Cooray

DIRECTORS' SHAREHOLDINGS

The shares held by Directors and their spouses in the Company and the Group as at 31 March 2020 are as follows:

	31 March 2020
Mr K N J Balendra - Chairman	Nil
Mr J G A Cooray	Nil
Mr J R Gunaratne	Nil
Mr J E P Kehelpannala	Nil
Mr M H Singhawansa	Nil
MrT L FW Jayasekara	Nil
Ms A K Moonesinghe	Nil
Mr N B Weerasekera (resigned w.e.f. 31 October 2019)	N/A
Dr K A Gunasekera (appointed w.e.f. 06 November 2019)	Nil

INTERESTS REGISTER

The Company has maintained an Interests Register as contemplated by the Companies Act No. 7 of 2007. In compliance with the requirements of the Companies Act No. 7 of 2007, this Annual Report also contains particulars of entries made in the interest registers of subsidiaries and joint ventures which are Public Companies or Private Companies which have not dispensed with the requirement to maintain an interest register as permitted by Section 30 of the Companies Act No. 7 of 2007.

The Interest Register is available at the Registered office of the Company in keeping with the requirement of the section 119 (1) (d) of the Companies Act No. 07 of 2007.

Particulars of entries in the Interests Register for the Financial Year 2019/20 are as follows.

a. Directors Interests in Contracts

All the Directors have made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act No. 7 of 2007 and no additional interests have been disclosed by any Director.

b. Share Dealings

There have been no disclosures of share dealings as at 31 March 2020.

c. Indemnities and Directors' Remuneration

Details of the remuneration and other benefits received by the Directors of the Company, its subsidiaries and joint ventures are set out in Note 17 to the Financial Statements. While any Executive Directors remuneration is determined by the Human Resources and Compensation Committee of JKH, the parent company, the remuneration of the Non-Executive Directors are determined according to scales of payment decided upon by the Board. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company.

- The contracts of Ms. A K Moonesinghe and Mr. T L F W
 Jayasekara as Non-Executive Directors of the Company
 were renewed for a further period of 3 years at NonExecutive Directors fees approved by the Board of
 Directors, which fees are commensurate with the market
 and complexities of the business of the Company with
 effect from 28 June 2019.
- 2. Dr. K A Gunasekera was appointed as a Non-Executive Independent Director of the Company from 06 November 2019 at the standard Non-Executive Fees approved by the Board of Directors, which fees are commensurate with the market and complexities of the business of the Company.

DIRECTORS MEETINGS

Details of the meetings of the Directors are given on page 30.

EMPLOYMENT

The Company has an equal opportunity policy and these principles are adhered in specific selection, training, development, and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability. There were no material issues pertaining to employees and industrial relations in the year under review. The number of persons employed by the Group as at 31 March 2020 was 2,533 (2019 - 2,105).

EMPLOYEE SHARE OPTION SCHEME (ESOP)

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the parent company, JKH. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge are satisfied that all statutory payments in relation to the Government and the employees have been either duly paid or appropriately provided for. The income tax position of the Company and its subsidiaries are disclosed in Note 18 to the Financial Statements.

OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation within the Company Lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

SUPPLIER POLICY

The Company applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers and endeavours to pay for all items properly charged in accordance with these agreed terms. As at 31 March 2020, the trade and other payable of the Group amounted to Rs. 1,431 Mn (2019 - Rs. 761 Mn) and for the Company amounted to Rs. 14 Mn (2019 - Rs. 14.3 Mn).

SUSTAINABILITY REPORTING

The Group is conscious of the impact, direct and indirect, on the environment due to its business activities. Every endeavour is made to minimise the adverse effects on the environment to ensure sustainable continuity of our natural resources.

DONATIONS

Total donations made by the Group during the year amounted to Rs. 6.8 Mn (2018/19 - Rs.10.6 Mn). The amount includes contributions on account of Corporate Social Responsibility (CSR) initiatives for which the Group donated Rs. 3,184,331/-(2018/19 - Rs. 8,964,697/-) The John Keells Social Responsibility Foundation, which operates with funds contributed by each of the companies in the Group, handles most of the Group's CSR initiatives and activities. The Foundation manages a range of programs that underpin its key principle of acting responsibly in all areas of business to bring about sustainable development. In quantifying the Group's contribution to charities no account has been taken of 'in-house' costs or management time. Donations made by Subsidiaries of the Company were as follows: Ceylon Holiday Resorts Ltd - Rs. 486,223/- (2018/19 - Rs. 13,039/-), Habarana Lodge Ltd - Rs. 534,147/- (2018/19 - Rs. 1,304,067/-) Habarana Walk Inn Ltd - Rs. 371,601/- (2018/19 - Rs. 677,943/-), Kandy Walk Inn Ltd. - Rs. 111,409/- (2018/19 - Rs. 1,976,940/-), Trinco Holiday Resorts (Pvt) Ltd - Rs. 447,556/- (2018/19 - Rs. 889,211/-), Hikkaduwa Holiday Resorts (Pvt) Ltd - Rs. 540,564/-(2018/19 - Rs. 2,106,354/-), Yala Village (Pvt) Ltd - Rs. 1,309,787/-(2018/19 - Rs. 1,577,114/-), Beruwala Holiday Resorts (Pvt) Ltd - Rs. 215,670/- (2018/19 - Rs. 2,071,487/-), Travel Club (Pte) Ltd - Rs. 867,887/- (2018/19 - Nil), Fantasea World Investments (Pte) Ltd - Rs. 621,684/- (2018/19 - Nil) and Tranquility (Pte) Ltd -Rs. 1.316.334/- (2018/19 - Rs. 134.432/-).

ANNUAL REPORT OF THE BOARD OF DIRECTORS

AUDITORS

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence, and relationship with the Company, including the level of audit. As far as the Directors are aware, the Auditors, Messrs. Ernst & Young, Chartered Accountants, do not have any relationship or interest in the Company, its subsidiaries, or joint ventures.

Messrs. Ernst & Young, Chartered Accountants have indicated their willingness to continue as Auditors of the Company, accordingly, a resolution proposing their reappointment as Auditors will be proposed at the Annual General Meeting. Details of the Audit Fees paid to the Auditors are set out in Note 17 of the Financial Statements of this Report. Further details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on pages 40 and 41.

ANNUAL REPORT

The audited consolidated Financial Statements for the financial year ended 31 March 2020 were approved for issue by the Board of Directors on 21 May 2020. The appropriate number of copies of this Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

ANNUAL GENERAL MEETING

The Board of Directors is closely monitoring the ongoing developments in the country due to the COVID -19 pandemic and the resultant directives issued by the regulatory authorities. Given the unprecedented nature of these events and the fact that the health and well-being of all meeting attendees is of paramount importance, the date, venue of the Annual General Meeting and the business to be transacted in terms of the agenda of the Meeting, will be notified to Shareholders in due course.

K N J Balendra Chairman

By Order of the Board

Mauhah

Krishen Balendra

J G A Cooray

la G

Director

Keells Consultants (Private) Limited Secretaries

21 May 2020

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements of John Keells Hotels PLC (Company) and the Consolidated Financial Statements of the Company and its subsidiaries is set out in this Statement. This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements contained in this Annual Report.

THE FINANCIAL STATEMENTS ARE COMPRISED OF:

- Income statement and statement of comprehensive income
 of the Company and its subsidiaries, which present a true
 and fair view of the profit and loss of the Company and its
 subsidiaries for the financial year.
- Statement of financial position, which represents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year:

As per the provisions of the Companies Act No. 7 of 2007 (Companies Act), the Board of Directors of your Company shall cause the Annual Report to be sent to every shareholder of the Company not less than fifteen working days before the date fixed for holding the Annual General Meeting. The Board of Directors of the Company are required by the provisions of the Companies Act to prepare Financial Statements which give a true and fair view of the state of affairs of the Company and of the subsidiaries as at the end of the financial year, Profit or Loss, Cash flows of the Company and of the subsidiaries for the financial year.

The Board of Directors confirm that the Financial Statements of the Company and of the subsidiaries for the year ended 31 March 2020 presented in the Report have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Companies Act and has provided the information required by and otherwise complied with the listing rules of the Colombo Stock Exchange (CSE) and the code of best practice on Corporate Governance (2013) issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC).

In preparing the Financial Statements, the Board of Directors has selected appropriate accounting policies and have applied them consistently. Reasonable and prudent judgements and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis. The Board of Directors are of the view that adequate funds and other resources are available within the Company to continue in operation for the foreseeable future.

The Board of Directors have taken all reasonable steps expected of them to safeguard the assets of the Company and of the subsidiaries and to establish appropriate systems of internal controls to prevent, deter and detect any fraud, misappropriation or other irregularities. The Board of Directors have also taken all reasonable steps to ensure that the Company and its subsidiaries

maintain adequate and accurate accounting books of record which reflect the transparency of transactions and provide an accurate disclosure of the financial position of the Company and its subsidiaries.

The Board of Directors is required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give an independent Audit Report. The Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.

COMPLIANCE REPORT

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and the subsidiaries, and all contributions, levies and taxes payable on behalf of the employees of the Company and its subsidiaries, and all other known statutory obligations as at the reporting date, have been paid or provided for, except as specified in Note 45 to the Financial Statements covering Contingent Liabilities.

The Board of Directors confirms that the Company and its subsidiaries have complied with the Para 23 of the LKAS 24, and all related party transactions are carried out at "arm's length" basis.

Further, as required by Section 56(2) of the Companies Act and based on the information available, the Board of Directors has confirmed, that the Company has satisfied the solvency test immediately after the distribution of any dividends in accordance with Section 57 of the Companies Act.

By Order of the Board

Mauhah

Keells Consultants (Private) Limited Secretaries

21 May 2020



INDEPENDENT AUDITORS' REPORT



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TO THE SHAREHOLDERS OF JOHN KEELLS HOTELS PLC Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of John Keells Hotels PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

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

Key audit matter

How our audit addressed the key audit matter

Valuation of land and buildings

Included within Property, Plant and Equipment and Investment Property are land and buildings carried at fair value. As of reporting date, such Property Plant and Equipment and Investment Properties amounted to Rs. 7 Bn and Rs 1.6 Bn respectively. The fair values of such land and buildings were determined by an external valuer engaged by the Group.

The valuation of land and buildings was significant to our audit due to the use of significant judgments and estimates such as per perch price and value per square foot disclosed in the financial statements.

Our audit procedures focused on the valuations performed by the external valuer engaged by the Group, and included the following;

- We evaluated the competence, capability and objectivity of the external valuer engaged by the Group;
- We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of land and buildings;
- We engaged our internal specialized resources to assist us in assessing appropriateness of the valuation techniques used and the reasonableness of the significant judgements and assumptions such as per perch price and value per square foot used by the valuer.

We have also assessed the adequacy of the disclosures made in notes 21.2 and 24.1 in the financial statements relating to the significant judgements, valuation technique and estimates used by the external valuer.

W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Key audit matter

How our audit addressed the key audit matter

Adoption of SLFRS 16 Leases

The Group adopted SLFRS 16 Leases in the current financial year. Consequently, this has resulted in the recognition of right of use assets amounting to Rs. 26,115 Mn and corresponding lease liabilities of Rs. 13,421 Mn as of 31 March 2020.

The impact assessment of the adoption of this standard was significant to our audit, as the balances recognized represents 44% of total assets and 42% total liabilities of the Group and management assumptions and estimates such as application of incremental borrowing rate as the discount rate, determination of lease term, including the consideration of termination and renewal options.

Management's Assessment of the impacts of the COVID 19 pandemic on the operations of Sri Lankan and Maldivian Resort Hotels

Management has assessed and adopted the going concern basis in the preparation of the financial statements. Such assessment carried out on the basis of available information, involved the use of significant management judgments and estimates considering future events, circumstances and impacts on cash flows, profits and assets.

Accordingly the said assessment was considered a key audit matter.

The relevant disclosures are given in notes 3 and 7 to the financial statements.

Our audit procedures focused on the procedures followed by Group Management and included the following;

- We obtained an understanding and evaluated the Group's implementation process, including the review of the new accounting policy for leases and management policy elections in accordance with SLFRS 16.
- We evaluated management assumptions and estimates used in the measurement of the underlying right of use asset and corresponding lease liability such as discount rate, by reference to market interest rates for similar tenor and risk.
- We cross checked on a sample basis key inputs such as lease rentals, lease term, termination and renewal terms used in the measurement of right of use asset and corresponding lease liability to the underlying lease contract.
- We assessed the adequacy of the Group's disclosures including the impact of initial adoption of this new standard as given in note 22 in the consolidated financial statements.

Our audit procedures included the following;

- we gained an understanding of Management's assessment of the impacts of the COVID 19 pandemic on the operations of the respective hotels
- we obtained the cashflow projections carried out by management which covered a period not less than twelve months from the reporting date
- · we engaged our internal specialized resources to assist us in evaluating the reasonableness of the significant management judgements and estimates such as occupancy levels used in such cashflow projections
- we reviewed the adequacy of the disclosures made in notes 3 and 7 in the financial statements

Other information included in the Group's 2020 Annual

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

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

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

Responsibilities of management and those charged with

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.

Distinctive
Annual Report 2019/20 John Keells Hotels PLC

INDEPENDENT AUDITORS' REPORT

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2471.

21 May 2020 Colombo

INCOME STATEMENT

	Note		Group	Со	mpany
For the year ended 31 March		2020	2019	2020	2019
In Rs. '000s					
Revenue from contracts with customers	13	9,711,741	11,032,715	-	-
Cost of sales		(3,496,474)	(3,439,138)	-	-
Gross profit		6,215,267	7,593,577	-	-
Dividend income	14	-	-	218,580	317,691
Other operating income	15.1	28,481	17,702	3,923	761
Administrative expenses		(5,385,548)	(4,751,463)	(25,255)	(25,343)
Distribution expenses		(415,264)	(349,112)	-	-
Other operating expenses	15.2	(1,207,399)	(1,423,645)	(190)	(108)
Results from operating activities		(764,463)	1,087,059	197,058	293,001
Finance expenses	16	(653,104)	(251,103)	(38,190)	(8,556)
Finance income	16	88,824	190,262	6,231	45,450
Change in fair value of investment property	24.1	21,504	52,398	-	-
Share of results of equity accounted investees (net of tax)	27.3	282	1,169	-	-
Profit/(Loss) before tax	17	(1,306,957)	1,079,785	165,099	329,895
Tax expense	18.1	105,565	(248,090)	12,450	(5,428)
Profit/(Loss) for the year		(1,201,392)	831,695	177,549	324,467
Attributable to :					
Equity holders of the parent		(1,200,568)	816,810		
Non-controlling interests		(824)	14,885		
		(1,201,392)	831,695		
		Rs.	Rs.		
Earnings per share - Basic/Diluted	19	(0.82)	0.56		
Dividend per share	20	-	0.15		

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 91 to 151 form an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

	Note		Group	Co	ompany
For the year ended 31 March		2020	2019	2020	2019
In Rs. '000s					
Profit/(Loss) for the year		(1,201,392)	831,695	177,549	324,467
Other comprehensive income					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Currency translation of foreign operations		1,040,174	1,490,982	-	-
Net other comprehensive income to be reclassified to income statement in subsequent periods		1,040,174	1,490,982	-	-
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Revaluation of land and buildings	21.1	116,462	503,023	-	-
Share of other comprehensive income of equity accounted investees		324	(204)	-	-
Net gain/(loss) on equity instruments at fair value through other comprehensive income		3	(4)	3	(4)
Re-measurement gain/(loss) on employee defined benefit plans	38.1	28,346	853	-	-
Net other comprehensive income not to be reclassified to income statement in subsequent periods		145,135	503,668	3	(4)
Tax on other comprehensive income	18.2	(10,724)	(67,886)	-	-
Other comprehensive income for the year, net of tax		1,174,585	1,926,764	3	(4)
Total comprehensive income for the year, net of tax		(26,807)	2,758,459	177,552	324,463
Attributable to:					
Equity holders of the parent		(25,960)	2,739,941		
Non-controlling interests		(847)	18,518		
		(26,807)	2,758,459		

STATEMENT OF FINANCIAL POSITION

	Note		Group		ompany
As at 31 March		2020	2019	2020	2019
In Rs. '000s					
ASSETS					
Non-current assets					
Property, plant and equipment	21	26,692,178	17,563,154	-	-
Right of use asset	22	26,115,233	_	-	-
Lease rentals paid in advance	23	-	11,449,766	-	-
Investment property	24	1,647,700	1,626,196	-	-
Intangible assets	25	670,407	670,407	-	-
Investments in subsidiaries	26	-	-	12,678,838	12,208,992
Investments in equity accounted investees	27	644,408	496,602	633,997	486,797
Non-current financial assets	28	186,491	183,967	8	5
Deferred tax assets	18.5	294,620	140,627	-	-
Other non-current assets	29	1,404	980	-	-
Comment		56,252,441	32,131,699	13,312,843	12,695,794
Current assets	20	200 002	170 015		
Inventories	30 31	296,683	179,215	-	-
Trade and other receivables		1,472,111	1,139,121	10 725	- - 200
Amounts due from related parties Other current assets	42.1 32	63,201 932,250	129,805 1,301,277	10,725 799	5,398 3,807
Income tax recoverable	18.3	98,244	116,026	799	3,007
Short term investments	33	659,345	1,523,651	3,781	385,516
Cash in hand and at bank	33	801,809	729,673	4,707	17,431
Cash in hand and at bank		4.323,643	5,118,768	20,012	412.152
Total assets		60,576,084	37,250,467	13,332,855	13,107,946
		00,070,001	07/2007 107	10,002,000	10/10//010
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent	0.4	0.500.047	0.500.047	0.500.047	0.500.047
Stated capital	34	9,500,247	9,500,247	9,500,247	9,500,247
Revenue reserve	35	8,523,704	9,695,525	3,347,642	3,170,093
Other components of equity	35	10,721,124 28,745,075	9,564,193 28,759,965	(5) 12,847,884	12,670,332
Non-controlling interests		127,318	136,602	12,047,004	12,070,332
Total equity		28,872,393	28,896,567	12,847,884	12,670,332
Non-current liabilities		20,072,000	20,000,007	12,047,004	12,070,002
Interest bearing borrowings	37	23,067,666	3,207,504	_	
Deferred tax liabilities	18.5	781,718	761,366	_	_
Employee benefit liability	38	196,473	213,580	_	_
Other deferred liabilities	39	389	209,754	_	_
Other non-current liabilities	41.2	92,958	200,70-	_	_
Other her current liabilities	11.2	24,139,204	4,392,204	-	-
Current liabilities		• •			
Trade and other payables	40	1,430,789	761,245	14,023	14,326
Amounts due to related parties	42.2	131,419	144.654	2,514	6.108
Other current liabilities	41.1	333,081	640,697	-,0.1	
Income tax liabilities	18.4	127,315	167,389	15,207	30,374
Interest bearing borrowings	37	2,075,395	979,403		-
Bank overdrafts	· .	3,466,488	1,268,308	453,227	386,806
		7,564,487	3,961,696	484,971	437,614
Total equity and liabilities		60,576,084	37,250,467	13,332,855	13,107,946

I certify that the financial statements comply with the requirements of the Companies Act, No. 7 of 2007.

C L P Gunawardane

Chief Financial Officer

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the Board by,

K N J Balendra Chairman

la G J G A Cooray Director

The accounting policies and notes as set out in pages 91 to 151 form an integral part of these financial statements

21 May 2020

Colombo

STATEMENT OF CHANGES IN EQUITY

			Attributable t	Attributable to Equity Holders of the Parent	of the Parent				
GROUP	Stated capital	Revaluation reserve	Foreign	Employee share option	Fair value reserve of	Revenue	Total	Non	Total equity
In Rs. '000s			translation	plan	financial assets at FVOCI			Interest	
As at 01 April 2018	9,500,247	4,411,240	3,177,876	44,066	(4)	9,075,560	26,208,985	144,503	26,353,488
Profit for the year						816,810	816,810	14,885	831,695
Other comprehensive income	1	431,915	1,490,982	1	(4)	238	1,923,131	3,633	1,926,764
Total comprehensive income		431,915	1,490,982	1	(4)	817,048	2,739,941	18,518	2,758,459
Share based payment	•	1	1	8,987	ı	ı	8,987	70	9,057
Realisation of revaluation reserve	1	(6,505)	1	1	•	9,505	ı	1	1
Acquisition, disposal and changes in non-controlling interest	•	8,622	1	18	ı	11,834	20,474	(20,152)	322
Interim dividend paid - 2018/19	•	1	1	1	1	(218,422)	(218,422)	1	(218,422)
Subsidiary dividend to non-controlling interest	•	1	1	1	ı	ı	ı	(6,337)	(6,337)
As at 31 March 2019	9,500,247	4,842,272	4,668,858	53,071	(8)	9,695,525	28,759,965	136,602	28,896,567
Loss for the year	1	1	ı	1	1	(1,200,568)	(1,200,568)	(824)	(1,201,392)
Other comprehensive income	•	109,211	1,040,174	1	೮	25,220	1,174,608	(23)	1,174,585
Total comprehensive income		109,211	1,040,174	1	С	(1,175,348)	(25,960)	(847)	(26,807)
Share based payment	1	1	ı	609'9	1	ı	6)209	34	6,543
Acquisition, disposal and changes in non-controlling interest	•	1,030	ı	4	1	3,527	4,561	(4,391)	170
Subsidiary dividend to non-controlling interest		1		'	1	1	1	(4,080)	(4,080)
As at 31 March 2020	9,500,247	4,952,513	5,709,032	59,584	(2)	8,523,704	28,745,075	127,318	28,872,393
COMPANY						Stated	Fair value	Revenue	Total
						capital	reserve of	reserve	equity
In Rs. '000s							at FVOCI		
As at 01 April 2018						9,500,247	(4)	3,064,048	12,564,291
Profit for the year						1	ı	324,467	324,467
Other comprehensive income						ı	(4)	ı	(4)
Total comprehensive income						ı	(4)	324,467	324,463
Interim dividend paid - 2018/19						1	1	(218,422)	(218,422)
As at 31 March 2019						9,500,247	(8)	3,170,093	12,670,332
Profit for the year						1	1	177,549	177,549
Other comprehensive income						1	က	1	က
Total comprehensive income						1	က	177,549	177,552
As at 31 March 2020						9,500,247	(2)	3,347,642	12,847,884

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 91 to 151 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	2020	Group 2019	Co 2020	mpany 2019
In Rs. '000s		2020	2013	2020	2013
Cash flows from Operating Activities					
Profit/(Loss) before taxation		(1,306,957)	1,079,785	165,099	329,895
Adjustments for:					
Depreciation of property, plant and equipment	21.1	1,201,666	982,156	-	-
Provision for employee benefit costs		43,227	46,515	-	-
Share based payment expense		6,543	9,057	-	-
Amortisation of right of use assets/lease rentals paid in advance	22.1	1,335,016	441,654	-	-
Finance expense		653,104	251,103	38,190	8,556
Amortisation of grant received		(1,408)	(1,078)	-	-
Dividend received		-	-	(218,580)	(317,691)
Finance income		(88,824)	(190,262)	(6,231)	(45,450)
Loss on disposal of property, plant and equipment		51,417	208,831	-	-
Share of results of equity accounted investees		(282)	(1,169)	-	-
Provision/(Reversal) for slow moving inventories		3,378	411	-	-
Provision for impairment losses	31.1	-	(43,528)	-	-
Change in fair value of investment property		(21,504)	(52,398)	-	-
Provision for deferred liabilities		-	56,209	-	-
Unrealised (gain)/loss on foreign exchange (net)		9,586	8,588	-	-
Operating profit/(loss) before working capital changes		1,926,415	2,795,874	(21,522)	(24,690)
(Increase)/decrease in inventories		(120,846)	(9,358)	-	-
(Increase)/decrease in trade and other receivables		(427,400)	59,963	-	-
(Increase)/decrease in other current assets		393,093	(981,839)	3,008	11,549
(Increase)/decrease in amounts due from related parties		66,604	(29,733)	(5,327)	(4,751)
Increase/(decrease) in amounts due to related parties		(13,235)	16,242	(3,594)	4,039
Increase/(decrease) in other current liabilities		(222,834)	141,142	-	-
Increase/(decrease) in trade and other payables		669,544	38,720	(303)	(492)
Cash generated from/(used in) Operations		2,271,341	2,031,011	(27,738)	(14,345)
Finance expenses paid		(229,263)	(251,103)	(38,190)	(8,556)
Finance income received		88,824	190,262	6,231	45,450
Tax paid		(77,408)	(241,789)	(2,717)	(21,316)
Dividend received		-	-	218,580	317,691
Gratuity paid/transfers		(31,988)	(23,531)	_	
Net cash flows from/(used in) Operating Activities		2,021,506	1,704,850	156,166	318,924

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Annual Report 2019/20 John Keells Hotels PLC

STATEMENT OF CASH FLOWS

	Note		Group	Co	ompany
For the year ended 31 March In Rs. '000s		2020	2019	2020	2019
Cash flows from Investing Activities					
Purchase and construction of property, plant and equipment	21.1	(9,579,980)	(3,917,327)	-	-
Proceeds from sale of property, plant and equipment		16,247	90,469	-	-
(Investment)/withdrawal in short term investments (net)		117,984	454,495	-	-
(Purchase)/disposal of non-current financial assets (net)		(2,521)	1,661	-	-
Purchase of lease rights		(1,421,293)	-	-	-
Increase in interest in subsidiaries and joint ventures		-	-	(469,846)	(770,956)
Increase in interest in equity accounted investees		(147,200)	(420,560)	(147,200)	(420,560)
Net cash flows from/(used) in Investing Activities		(11,016,763)	(3,791,262)	(617,046)	(1,191,516)
Cash flows from Financing Activities					
Direct cost on issue of shares		(4,392)	-	-	-
Dividend paid to equity holders of parent		-	(218,422)	-	(218,422)
Repayments of long term borrowings		(3,488,486)	(1,281,475)	-	-
Proceeds from borrowings		9,615,288	1,125,099	-	-
Changes in non-controlling interest		4,561	322	-	-
Dividend paid to shareholders with non-controlling interest		(4,080)	(6,337)	-	-
Net cash flows from/(used in) Financing Activities		6,122,891	(380,813)	-	(218,422)
Net Increase/(decrease) in Cash and Cash Equivalents		(2,872,366)	(2,467,225)	(460,880)	(1,091,014)
Cash and Cash Equivalents at the beginning of the year		832,474	3,299,699	16,141	1,107,155
Cash and Cash Equivalents at the end of the year		(2,039,892)	832,474	(444,739)	16,141
ANALYSIS OF CASH & CASH EQUIVALENTS					
Short term investments	33	624,787	1,371,109	3,781	385,516
Cash in hand and at bank		801,809	729,673	4,707	17,431
Bank overdrafts		(3,466,488)	(1,268,308)	(453,227)	(386,806)
		(2,039,892)	832,474	(444,739)	16,141

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 91 to 151 form an integral part of these financial statements

CORPORATE AND GROUP INFORMATION

1 CORPORATE INFORMATION

Reporting entity

John Keells Hotels PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2.

Ordinary shares of the Company are listed on the Colombo Stock Exchange.

In the Director's opinion, the Company's ultimate parent undertaking is John Keells Holdings PLC, which is a Company incorporated in Sri Lanka.

Consolidated financial statements

The Financial Statements for the year ended 31 March 2020, comprise "the Company" referring to John Keells Hotels PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

Approval of financial statements

The Financial statements for the year ended 31 March 2020 were authorised for issue by the Directors on 21 May 2020.

Principal activities and nature of operations of the holding Company

John Keells Hotels PLC, the Group's holding Company, manages a portfolio of holdings consisting of hoteliering business, which together constitute the John Keells Hotels Group.

Responsibility for financial statements

The responsibility of the Directors in relation to the financial statements is set out in the statement of Directors' Responsibility on page 81 in the Annual Report.

Statement of compliance

The financial statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2 GROUP INFORMATION

Subsidiaries, associate and joint ventures

The Companies within the Group are shown in the Group structure on pages 08 - 09.

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

BASIS OF PREPARATION & OTHER SIGNIFICANT ACCOUNTING POLICIES

3 BASIS OF PREPARATION

Bases of measurement

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and buildings, derivative financial instruments and equity instruments at fair value through other comprehensive income that have been measured at fair value.

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. In March 2020, the Group evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios , relating to expected revenue streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing services to ensure businesses continue as least impacted as possible.

Having presented the outlook for each company in the group to the Board of John Keells Hotels PLC and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries, associate and joint venture have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

In determining the above significant management judgements, estimates and assumptions the impact of the COVID 19 pandemic has been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

Presentation and functional currency

The consolidated Financial Statements are presented in Sri Lankan Rupees, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following subsidiaries are using United States Dollar (USD) as its functional currency;

- Fantasea World Investments (Pte) Ltd
- John Keells Maldivian Resorts (Pte) Ltd
- Tranquility (Pte) Ltd
- Travel Club (Pte) Ltd

Each material class of similar items is presented cumulatively 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, 'Presentation of Financial Statements'.

All values are rounded to the nearest rupees thousand (Rs. '000) except when otherwise indicated.

The significant accounting policies are discussed with relevant individual notes.

The share of results of equity accounted investees in the income statement and other comprehensive income statement are shown net of all related taxes.

The indicative US Dollar Financial Statements on page 154 do not form part of the Financial Statements prepared in accordance with SLFRS/LKAS.

Comparative information

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently by the Group.

Other significant accounting policies not covered with individual notes

Following accounting policies which have been applied consistently by the Group, are considered to be significant but are not covered in any other sections.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when it is:

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Foreign currency translation, foreign currency transactions and balances

The consolidated financial statements are presented in Sri Lanka rupees (LKR), which is the Company's functional and presentation currency.

The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are translated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

Foreign operations

The statement of financial position and income statement of overseas subsidiaries which are deemed to be foreign operations are translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

The Exchange rates applicable during the period were as follows:

	Reportin	g Date	Income St	tatement
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
US Dollar	189.63	175.45	179.42	168.58

The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the income statement.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements of the Group require the management to make judgements, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The 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 to the financial statements.

The Group based its assumptions and estimates on parameters available when the 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.

The items which have most significant effect on accounting, judgements, estimate and assumptions are as follows:

- Valuation of property, plant and equipment and investment property
- b) Impairment of non-financial assets
- c) Share based payments
- d) Taxes
- e) Employee benefit liability
- f) Provision for expected credit losses of trade receivables and contract assets
- g) Leases Estimating the incremental borrowing rate
- h) Going concern basis

6 CHANGES IN ACCOUNTING STANDARDS

The Group applied SLFRS 16 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019/20 financial year, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(i) SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using modified retrospective method from 1 April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard.

Lessor accounting under SLFRS 16 is substantially unchanged from under LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Group is the lessor.

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

	In Rs.000'
Assets	
Right of use assets	18,984,209
Lease rentals paid in advance	(11,449,766)
Total assets	7,534,443
Liabilities	
Interest-bearing loans and borrowings	7,742,400
Other deferred liabilities	(207,957)
Total Liabilities	7,534,443

a) Nature of the effect of adoption of SLFRS 16

Upon adoption of SLFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

The Group has lease contracts for items such as lands and vehicles. Property leases are the major asset included in the right of use assets category, typically for in between 5 to 99 years of lease term and have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of the transition date.

Leases previously classified as finance leases

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The requirements of SLFRS 16 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most

leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

	In Rs.000'
Operating lease commitments as at 31	
March 2019	11,400,966
Discounted operating lease commitments	
at 1 April 2019	7,743,304
Less:	
Commitments relating to short-term leases	(904)
Lease liabilities as at 1 April 2019	7,742,400

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

ii) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions and Group determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements

- Plan Amendment, Curtailment or Settlement (Amendments to LKAS 19)
- Annual Improvements Cycle 2015-2017

Further to the disclosure made in Note 3, some of the key assumptions used in the scenario analysis performed are Occupancy Rates, Room Revenue, Food Revenue and Beverage Revenue.

7 OPERATING SEGMENT INFORMATION

Accounting policy

The Group's segments are determined based on the Group's geographical spread of operations.

The Group's internal organisation and management is structured based on the Group's geographical spread of operations. The geographical analysis of turnover and profits are based on the location of the operations.

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group.

No operating segments have been aggregated to form reportable operating segments. An individual segment manager is determined for each operating segment and the results are regularly reviewed by the Board of Directors. The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the operating segments' information, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are carried out in the ordinary course of business.

7.1 Business segments

The following tables present revenue, profit information, assets and liabilities based on the Group's operating segments.

For the year ended 31 March	S	ri Lanka	l N	laldives		Group
In Rs. '000s	2020	2019	2020	2019	2020	2019
Disaggregation of revenue -Timing of						
revenue recognition						
Services transferred over time	4,318,977	5,712,310	5,632,848	5,487,577	9,951,825	11,199,887
Less: inter segment revenue	(29,643)	(28,091)	(210,441)	(139,081)	(240,084)	(167,172)
Net segment revenue from contracts with						
customers	4,289,334	5,684,219	5,422,407	5,348,496	9,711,741	11,032,715
Segment results	(287,258)	725,167	(505,686)	344,190	(792,944)	1,069,357
Other operating income	3,132	3,921	25,349	13,781	28,481	17,702
Finance expenses	(170,050)	(93,615)	(483,054)	(157,488)	(653,104)	(251,103)
Finance income	88,820	182,615	4	7,647	88,824	190,262
Change in fair value of investment property	21,504	52,398	-	-	21,504	52,398
Share of results of equity accounted investees	282	1,169	-	-	282	1,169
Profit/(Loss) before taxation	(343,570)	871,655	(963,387)	208,130	(1,306,957)	1,079,785
Tax expense	(36,116)	(207,761)	141,681	(40,329)	105,565	(248,090)
Profit/(Loss) for the year	(379,686)	663,894	(821,706)	167,801	(1,201,392)	831,695
Assets						
Segment assets	20,665,219	17,868,319	39,240,458	18,711,741	59,905,677	36,580,060
Goodwill					670,407	670,407
Total assets					60,576,084	37,250,467

For the year ended 31 March	S	ri Lanka	IV	laldives		Group
In Rs. '000s	2020	2019	2020	2019	2020	2019
Liabilities						
Segment liabilities	6,073,267	3,133,452	25,630,424	5,220,448	31,703,691	8,353,900
Total liabilities					31,703,691	8,353,900
Other Information Purchase and construction of property, plant and equipment	4,146,824	1,200,401	5,433,156	2,716,926	9,579,980	3,917,327
Depreciation of property, plant and equipment Addition to right of use assets Amortisation of right of use assets/lease rentals	579,324 542,936	561,368	622,342 13,763,633	420,788 -	1,201,666 14,306,569	982,156
paid in advance Provision for employee benefit costs	50,546 43,227	3,139 46,515	1,284,470 -	438,515	1,335,016 43,227	441,654 46,515

In addition to segment results, information such as finance costs/ income, tax expenses have been allocated to segments for better presentation.

8 BASIS OF CONSOLIDATION

Accounting policy

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

Control over an investee

Specifically, the Group controls an investee if, and only if, the Group has:

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

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

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

Loss of control

If the Group losses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Distinctive

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

Non-Controlling Interest (NCI)

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent.

The consolidated statement of cash flow includes the cash flows of the Company and its subsidiaries.

9 BUSINESS COMBINATIONS & GOODWILL

Accounting policy

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquire, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquire is lower than the fair value of net assets acquired, a gain is recognised immediately in the income statement.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at 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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability, which is a financial instrument and within the scope of LKAS 39, is measured at fair value with changes in fair value either in income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/ LKAS

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value maybe impaired.

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.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where goodwill forms part of 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.

9.1 Investment in subsidiaries

The Company increased its shareholdings in Ceylon Holiday Resorts Ltd from 99.31% to 99.39% with an investment of Rs. 466 Mn by subscribing to the rights issue in August 2019 in order to facilitate re-development of the hotel.

9.2 Investment in equity accounted investees

In March 2020, the Group further invested Rs. 145 Mn in Indra Hotels & Resorts Kandy (Pvt) Ltd. This Company plans to develop a lean luxury hotel branded as "Cinnamon Red Kandy".

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments held by the Group, principally comprise of cash, loans and other receivables, trade and other receivables, trade and other payables and loans and borrowings. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group. These financial instruments are exposed to credit, liquidity and market risks.

The Hotel Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and related controlling. The guidelines upon which the Group's risk management processes are based are designed to identify and analyse these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are

regularly reviewed and adjusted to changes in markets and products. The Group manages and monitors these risks primarily through its operating and financing activities.

10.1 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 other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to debtors impairment is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents and fair value through OCI financial investments, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure that the counterparties fulfil their obligations.

10.1.1 Credit risk exposure - Group

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without considering of collateral, if available). Following table shows the maximum risk positions of the Group.

As at 31 March		2020							
In Rs. '000s	Notes	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short term	Amounts due from related parties	Tota		
Deposits with bank	10.1.2	-	-	-	659,345	-	659,345		
Trade and other receivables	10.1.3	-	-	1,472,111	-	-	1,472,111		
Amounts due from related parties	10.1.4	-	-	-	-	63,201	63,201		
Loans to executives	10.1.5	6,729	-	-	-	-	6,729		
Cash in hand and at bank	10.1.2	-	801,809	-	-	-	801,809		
Total credit risk exposure		6,729	801,809	1,472,111	659,345	63,201	3,003,195		
Financial Assets at fair value through OC	l 10.1.6	179,762	-	-	-	-	179,762		
Total equity risk exposure		179,762	-	-	-	-	179,762		
Total		186,491	801,809	1,472,111	659,345	63,201	3,182,957		

As at 31 March		2019							
In Rs. '000s	Notes	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total		
Deposits with bank	10.1.2	-	-	-	1,523,651	-	1,523,651		
Trade and other receivables	10.1.3	-	-	1,139,121	-	-	1,139,121		
Amounts due from related parties	10.1.4	-	-	-	-	129,805	129,805		
Loans to executives	10.1.5	4,208	-	-	-	-	4,208		
Cash in hand and at bank	10.1.2	-	729,673	-	-	-	729,673		
Total credit risk exposure		4,208	729,673	1,139,121	1,523,651	129,805	3,526,458		
Financial Assets at fair value through OCI	10.1.6	179,759	-	-	-	-	179,759		
Total equity risk exposure		179,759	-	-	-	-	179,759		
Total		183,967	729,673	1,139,121	1,523,651	129,805	3,706,217		

Credit risk exposure - Company

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions of the Company.

As at 31 March		2020							
In Rs. '000s	Notes	Non-current financial assets	Cash in hand and at bank	Short term investments		Total			
Deposits with bank	10.1.2	_	-	3,781	_	3,781			
Amounts due from related parties	10.1.4	-	-	-	10,725	10,725			
Cash in hand and at bank	10.1.2	-	4,707	-	-	4,707			
Total credit risk exposure		_	4,707	3,781	10,725	19,213			
Financial Assets at fair value through OCI	10.1.6	8	-	-	_	8			
Total equity risk exposure		8	-	-	-	8			
Total		8	4,707	3,781	10,725	19,221			

As at 31 March				2019		
In Rs. '000s	Notes	Non-current financial assets	Cash in hand and at bank	Short term investments	Amounts due from related parties	Total
Deposits with bank	10.1.2	-	-	385,516	_	385,516
Amounts due from related parties	10.1.4	-	-	-	5,398	5,398
Cash in hand and at bank	10.1.2	-	17,431	-	-	17,431
Total credit risk exposure		-	17,431	385,516	5,398	408,345
Financial Assets at fair value through OCI	10.1.6	5	-	-	_	5
Total equity risk exposure		5	-	-	-	5
Total		5	17,431	385,516	5,398	408,350

10.1.2 Credit risk relating to cash and cash equivalents

In order to mitigate settlement and operational risks related to cash and cash equivalents, the company uses several banks with acceptable ratings for its deposits. Deposits with bank mainly consist of fixed and call deposits.

The Group held cash in hand and at bank including short term investment of Rs. 1,461 Mn at 31 March 2020 (2019 - 2,253 Mn).

Deposits with banks and Credit rating of the banks

			2020			2019	
Bank	Instrument	Credit	Investment Rs. 000'	Rating % of total	Credit	Investment Rs. 000'	Rating % of total
Group							
People's Bank	Fixed Deposits	AA+	281,432	43%	AA+	637,550	42%
DFCC Bank	Fixed Deposits	В	271,271	41%	AA-	679,318	45%
Hatton National Bank PLC	Fixed Deposits	AA-	33,645	5%	AA-	-	-
Commercial Bank PLC	Re-purchase Agreements	AA	29,831	4%	AA	160,129	10%
Nations Trust Bank PLC	Re-purchase Agreements	Α	39,385	6%	А	45,488	3%
Deutsche Bank A.G	Re-purchase Agreements	BBB	3,781	1%	A-	1,166	-
			659,345	100%		1,523,651	100%
Company							
People's Bank	Fixed Deposits	AA+	-	-	AA+	272,410	71%
Commercial Bank PLC	Re-purchase Agreements	AA	-	-	AA	111,819	29%
Deutsche Bank A.G	Re-purchase Agreements	BBB	3,781	100%	A-	1,166	-
Nations Trust Bank PLC	Re-purchase Agreements	Α	-	-	А	121	-
			3,781	100%		385,516	100%

10.1.3 Trade and other receivables

		Group
	2020	2019
Neither past due nor impaired	699,057	804,420
Past due but not impaired		
31–60 days	547,671	272,562
61–90 days	200,854	50,083
> 91 days	24,529	12,056
Impaired	93,353	51,900
Gross carrying value	1,565,464	1,191,021
Less: impairment provision		
Individually assessed impairment provision	(93,353)	(51,900
Total	1,472,111	1,139,121

The Group has obtained customer deposit from major customers by reviewing their past performance and credit worthiness, as collateral.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

10.1.4 Amounts due from related parties

The Group's amounts due from related parties mainly consists of the balances from affiliate companies and parent.

10.1.5 Loans to executives

Loans to executive portfolio is largely made up of vehicle loans which are given to staff at assistant manager level and above. The respective business units have obtained the necessary Power of Attorney/promissory notes as collateral for the loans granted.

10.1.6 Financial Assets at fair value through OCI

All equity investments are made after obtaining Board of Directors approval.

10.2 Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk of a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

10.2.1 Net (debt)/cash

As at 31 March		Group				
In Rs. '000s	2020	2019	2020	2019		
Short term investments	659,345	1,523,651	3,781	385,516		
Cash in hand and at bank	801,809	729,673	4,707	17,431		
Total liquid Assets	1,461,154	2,253,324	8,488	402,947		
Borrowings*	25,143,061	4,186,907	-			
Bank overdrafts	3,466,488	1,268,308	453,227	386,806		
Total liabilities	28,609,549	5,455,215	453,227	386,806		
Net (debt)/cash	(27,148,395)	(3,201,891)	(444,739)	16,141		

The net debt position of the Group is due to the expansion and refurbishment of its hotel portfolio which will commence generating cash flows in the medium term. This position is constantly monitored and evaluated to determine appropriate risk mitigation strategies.

^{*}Given the adoption of SLFRS16 in 2019/20, the non-current and current portion of interest-bearing loans and borrowings also include lease liabilities amounting to Rs. 1.1 Bn and Rs. 12.3 Bn, respectively (Refer Note 37 for details).

10.2.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units matched cash outflows in each time bucket against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement or other secured borrowing.

Impact of COVID-19

The Group considered that Cash flow scrutiny is paramount and has adopted a disciplined approach across the group including setting up of Group-wide spend control and cash management steering committees (Cash war rooms) for preserving and increasing liquidity, particularly on account of the impact of COVID-19.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2020 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Bank borrowings	972,338	1,640,542	1,478,127	1,580,998	4,828,586	1,220,936	11,721,527
Lease liabilities	1,103,057	680,556	824,139	894,268	2,413,717	7,505,797	13,421,534
Trade and other payables Amounts due to	1,430,789	-	-	-	-	-	1,430,789
related parties	131,419	-	-	-	-	-	131,419
Bank overdrafts	3,466,488	-	-	-	-	-	3,466,488
	7,104,091	2,321,098	2,302,266	2,475,266	7,242,303	8,726,733	30,171,757

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2019 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Bank borrowings	979,403	1,053,818	1,158,610	850,330	144,746	-	4,186,907
Trade and other payables	761,245	-	-	-	-	-	761,245
Amounts due to							
related parties	144,654	-	-	-	-	-	144,654
Bank overdrafts	1,268,308	-	-	-	-	-	1,268,308
	3,153,610	1,053,818	1,158,610	850,330	144,746	-	6,361,114

Maturity analysis - Company

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2020 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Trade and other payables	14,023	-	-	-	-	-	14,023
Amounts due to related parties	2,514	-	-	-	-	-	2,514
Bank overdrafts	453,227	-	-	-	-	-	453,227
	469,764	-	-	-	-	-	469,764

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2019 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Trade and other payables Amounts due to related	14,326	-	-	-	-	-	14,326
parties	6,108	-	-	-	-	-	6,108
Bank overdrafts	386,806	-	-	-	-	-	386,806
	407,240	-	-	-	-	-	407,240

10.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprise of the following risks:

- * Interest rate risk
- * Currency risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analysis in the following sections relate to the position as at 31 March in 2020 and 2019.

The following assumptions have been made in calculating the sensitivity analysis:

 The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 2019.

10.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The 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.

Impact of COVID-19

The global outbreak of the novel COVID-19 epidemic has resulted in consecutive reductions in policy rates and monetary easing policies by CBSL to encourage banks and finance companies to reduce lending rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decreas	se) in basis points	Group
	Rupee Borrowings	Other Currency Borrowings	Effect on profit before tax Rs. 000's
2020	+284 basis points	+156 basis points	(208,087)
	- 284 basis points	-156 basis points	208,087
2019	+113 basis points	+29 basis points	(13,427)
	-113 basis points	-29 basis points	13,427

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market.

10.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

Impact of COVID-19

The Sri Lankan Rupee witnessed a sharp depreciation against the US Dollar in March 2020 on the back of economic turmoil in global, regional and local markets resulting from the COVID-19 pandemic. The Group companies exposed to foreign currency-denominated payments with local currency revenues are adversely impacted to undue fluctuations in exchange rates.

10.3.3 Effects of currency transaction and translation

For purposes of consolidated financial statements, the income and expenses and the assets and liabilities of subsidiaries located outside Sri Lanka are converted into Sri Lankan Rupees. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (earnings before interest and taxes – EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates.

The Group's exposure to foreign currency changes for currencies other than USD is not material.

		Grou	р
	Increase/(decrease in exchange rate USD	Effect on profit/(loss) before tax Rs. 000's	Effect on equity Rs. 000's
2020	3.22%	(287,805)	570,147
	-3.22%	287,805	(570,147)
2019	15.28%	(557,041)	2,639,421
	-15.28%	557,041	(2,639,421)

Assumptions

The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

10.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

	Gro	ир	Comp	pany
	2020	2019	2020	2019
Debt/Equity	1.00	0.19	0.04	0.03

11 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are reflected in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

- Investment in unquoted equity shares Note 26, 27, 28
- Property, plant and equipment under revaluation model - Note 21.2
- Financial instruments (including those carried at amortised cost) - Note 12.5
- Investment properties Note 24

Accounting policy

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

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

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

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

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

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

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

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

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

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for nonrecurring measurement, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as land and buildings. Involvement of external valuers is decided upon annually by the Group after discussion with and approval by the Company's Audit Committee. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets and liabilities.

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

11.1 FINANCIAL ASSETS AND LIABILITIES BY FAIR VALUE HIERARCHY - GROUP

The Group held the following financial instruments carried at fair value in the statement of financial position:

FINANCIAL ASSETS

As at 31 March	Leve	el 1	Leve	el 2	Le	vel 3
In Rs. '000	2020	2019	2020	2019	2020	2019
Listed equity investments	8	5	-	-	-	-
Non-listed equity investments	-	-	-	-	179,754	179,754
Foreign exchange forward contracts	-	-	-	-	-	-
Total	8	5	-	-	179,754	179,754

FINANCIAL LIABILITIES

As at 31 March	Leve	el 1	Lev	rel 2	Leve	el 3
In Rs. '000	2020	2019	2020	2019	2020	2019
Fair value through income statement						
Fair value through income statement Foreign exchange forward contracts	-	-	-	13,659	-	-

11.2 FINANCIAL ASSETS AND LIABILITIES BY FAIR VALUE HIERARCHY - COMPANY

The Company held the following financial instruments carried at fair value in the statement of financial position:

FINANCIAL ASSETS

As at 31 March	Level 1		Level 2		Level 3	
In Rs. '000	2020	2019	2020	2019	2020	2019
Listed equity investments	8	5	-	-	-	-
Total	0	5	_	_	_	_

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

11.3 Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries unquoted equity shares as equity instruments designated at fair value through OCI classified as Level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below:

In Rs. '000	Group
As at 1 April 2019	179,754
New investment	-
Remeasurement recognised in OCI	-
As at 31 March 2020	179,754

Group has valued level 3 financial instruments as at reporting date using discounted cash flow method. Fair value would not significantly vary if one or more of the inputs were changed.

11.4 NON FINANCIAL ASSETS - GROUP

As at 31 March	Leve	el 1	Leve	el 2	Le	evel 3
In Rs. '000	2020	2019	2020	2019	2020	2019
Assets measured at fair value	•		,			
Land and buildings	-	-	-	-	7,148,796	7,071,739
Buildings on leasehold land	-	-	-	-	13,460,205	5,374,601
Investment property	-	-	-	-	1,647,700	1,626,196

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

12 FINANCIAL INSTRUMENTS AND RELATED POLICIES

Accounting policy

Financial instruments — initial recognition and subsequent measurement

12.1 Financial assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and quoted and unquoted financial instruments.

Subsequent measurement

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

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

Debt instruments

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

 The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

 The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Group's financial assets at amortised cost includes trade receivables and short term investments.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

 The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

 The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Equity Instruments

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the

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definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

Derecognition

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

Impairment of financial assets

From 1 April 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

12.2 Financial Liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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

12.3 Offsetting of financial instruments

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

12.4 Derivative financial instruments and hedge accounting - Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the Fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

Foreign exchange forward contracts

Foreign exchange forward contracts are fair valued at each reporting date. Gains and losses arising from changes in fair value are included in the income statement in the period in which they arise.

12.5 FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9

Financial Assets by Categories

		Gr	oup			Com	pany	
As at 31 March		al assets ised cost	Financial a		Financial at amortis		Financial asse	
In Rs. '000	2020	2019	2020	2019	2020	2019	2020	2019
Financial instruments in non-								
current assets								
Non-current financial assets	6,729	4,208	179,762	179,759	-	-	8	į
Financial instruments in								
current assets								
Trade and other receivables	1,472,111	1,139,121	-	-	-	-	-	
Amounts due from related parties	63,201	129,805	-	-	10,725	5,398	-	
Short term investments	659,345	1,523,651	-	-	3,781	385,516	-	
Cash in hand and at bank	801,809	729,673	-	-	4,707	17,431	-	
Total	3,003,195	3,526,458	179,762	179.759	19,213	408.345	8	

Both carrying amount and fair value are equal of fair value through OCI.

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

Financial liabilities by categories

	Gro	•	Company		
As at 31 March	Financial liabilit at amortis		Financial liabilities at amortises		
In Rs. '000s	2020	2019	2020	2019	
Financial instruments in non-current liabilities					
Interest bearing borrowings	23,067,666	3,207,504	-	-	
Financial instruments in current liabilities					
Trade and other payables	1,430,789	761,245	14,023	14,326	
Amounts due to related parties	131,419	144,654	2,514	6,108	
Interest bearing borrowings	2,075,395	979,403	-	-	
Bank overdrafts	3,466,488	1,268,308	453,227	386,806	
Total	30,171,757	6,361,114	469,764	407,240	

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

The management assessed that the fair value of cash and short-term investments, trade and other receivables, trade and other payables and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

Fair value of quoted equities and bonds is based on price quotations in an active market at the reporting date.

The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Fair value of the unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in

management's estimate of fair value for these unquoted equity investments.

Accounting judgements, estimates and assumptions Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgement is required in establishing fair values. The judgement include considerations of inputs such as liquidity risk, credit risk and volatility.

13 REVENUE FROM CONTRACTS WITH CUSTOMERS ACCOUNTING POLICY

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Services transferred over time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

13.1 Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on timing of revenue recognition and geographical region in the operating segment information section.

13.2 Reconciliation of revenue

Reconciliation between Revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section.

13.3 Contract balances

Contract liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unexpired service warranties, and loyalty points not yet redeemed.Contract liabilities of the group have been disclosed in other current liabilities note.

13.4 Performance obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under each contract as one performance obligation. The revenue is accounted based on the output method. Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue.

The Group applies the practical expedient and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the year ended 31 March 2020.

13.5 Revenue from contracts with customers

'	Group
2020	2019
9,869,114	11,208,151
(157,373)	(175,436)
9,711,741	11,032,715
	9,869,114 (157,373)

Value Added Tax and Goods & Services Tax of Rs. 954 Mn (2019 - 1,648 Mn) have been deducted in arriving at the gross revenue.

14 DIVIDEND INCOME

Accounting policy

Dividend

Dividend income is recognised when the Group's right to receive the payment is established.

For the Year Ended 31 March	Cor	mpany
In Rs. '000s	2020	2019
Income from investments in subsidiaries	218,580	317,691
	218,580	317,691

15 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Accounting policy

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a Group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

Other income and expenses

Other income and expenses are recognised on an accrual basis.

15.1 Other operating income

For the Year Ended 31 March	G	roup	Company		
In Rs. '000s	2020	2019	2020	2019	
Sundry income	27,011	16,320	3,923	761	
Amortisation of grant received	1,470	1,382	-	-	
	28,481	17,702	3,923	761	

15.2 Other operating expenses

For the Year Ended 31 March	Group		Company	
In Rs. '000s	2020	2019	2020	2019
Power and Energy	513,150	461,539	-	-
Maintenance and repair cost	226,031	178,550	-	-
Nation Building Tax	51,291	124,567	-	-
Operating fees	265,754	275,891	-	-
Other overheads	78,903	77,145	190	108
Loss on sale of property, plant and equipment	51,417	208,831	-	-
Exchange loss	20,853	97,122	-	-
	1,207,399	1,423,645	190	108

16 FINANCE INCOME AND FINANCE EXPENSE

Accounting policy

Finance income

Finance income comprises interest income on funds invested, gains on the disposal of fair value through OCI financial assets.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value through OCI financial assets, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the income statement.

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

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

For the Year Ended 31 March	G	roup	Company		
In Rs. '000s	2020	2019	2020	2019	
Finance Income					
Interest income	88,824	190,262	6,231	45,450	
	88,824	190,262	6,231	45,450	
Finance expense					
Interest expenses on borrowings	399,045	251,103	38,190	8,556	
Interest expense on Lease liabilities	254,059	-	-	-	
	653,104	251,103	38,190	8,556	
Net finance income / (expense)	(564,280)	(60,841)	(31,959)	36,894	

17 PROFIT/(LOSS) BEFORE TAX

Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's performance.

Profit/(Loss) before tax is stated after charging all expenses including the following;

For the Year Ended 31 March	(Group	Com	npany
In Rs. '000s	2020	2019	2020	2019
Remuneration to executive directors	8,113	11,027	-	-
Remuneration to non-executive directors	6,287	8,118	6,287	8,118
Auditors' remuneration				
Audit	14,765	13,664	1,332	1,332
Non-audit	5,310	4,730	577	570
Cost of defined employee benefits				
Defined benefit plan cost	42,495	37,757	-	-
Defined contribution plan cost (EPF and ETF)	83,166	79,484	-	-
Other long term employee benefits cost	732	8,758	-	-
Staff expenses	2,198,567	1,956,508	-	-
Share based payments	6,543	9,057	-	-
Depreciation of property, plant and equipment				
and ROU asset	2,466,283	982,156	-	-
Donations	6,864	10,604	-	-
(Reversal) / Impairment of bad and doubtful debts	41,453	(43,528)	-	-
(Reversal) / Provision for slow moving inventories	3,378	411	-	-
(Profit)/Loss on disposal of property, plant and				
equipment	51,417	208,831	-	-

18 TAXES

Accounting policy

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income shall be recognised in other comprehensive income and not in the income

statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgement on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

The Group has complied with the arm's length principles relating to transfer pricing as prescribed in the Inland Revenue Act, and has complied with the related Gazette notification issued by Ministry of Finance.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of an assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

18.1 Tax expense

For the Year Ended 31 March		Gı	roup	Com	pany
In Rs. '000s	Note	2020	2019	2020	2019
Current income tax					
Current tax charge	18.6	71,441	175,961	-	3,217
Under/(over) provision of current tax in respect of					
previous years		(63,836)	(17,815)	(12,450)	2,211
Irrecoverable Economic Service Charge		4,683	8,842	-	-
Withholding tax on inter company dividends - 14%					
(2019 - 14%)		11,022	82,447	-	-
Deferred income tax					
Relating to origination and reversal of					
temporary differences	18.2	(128,875)	(1,345)	-	-
Tax expense reported		(105,565)	248,090	(12,450)	5.428

18.2 Deferred Tax Expense

For the Year Ended 31 March	Gr	oup
In Rs. '000s	2020	2019
Income statement		
Deferred tax arising from		
Accelerated depreciation for tax purposes	(23,637)	(54,227)
Revaluation of investment property to fair value	842	5,240
Benefit/ (reversal) arising from tax losses	(111,223)	48,448
Employee benefits liability)	5,143	(806)
	(128,875)	(1,345)
Other comprehensive income		
Deferred tax arising from	3,514	533
Employee benefits liability	7,210	67,353
Revaluation of land and building to fair value	10,724	67,886
Total deferred tax charge	(118,151)	66,541

Deferred Tax has been computed at the following rates :

- Subsidiary companies in Sri Lanka engaged in promotion of tourism 14%.
- Subsidiary companies in Maldives 15%.
- Other 28%

18.3 Income tax recoverable

For the Year Ended 31 March	Group		Company	
In Rs. '000s	2020	2019	2020	2019
Balance at the beginning of the year	116,026	221,757	-	5,175
	(47700)	(105,731)	-	(5,175
Arising during the year/ (utilised)	(17,782)	(100,701)		

18.4 Income tax liabilities

For the Year Ended 31 March	G	Company		
In Rs. '000s	2020	2019	2020	2019
Balance at the beginning of the year	167,389	282,416	30,374	51,437
Charge for the year	71,441	175,961	-	3,217
Effect of movements in exchange rates	(2,919)	(50,663)	-	-
Payments, set off against refunds and tax credits	(108,596)	(240,325)	(15,167)	(24,280)
Balance at the end of the year	127,315	167,389	15,207	30,374

18.5 Deferred tax assets and liabilities

	Group				
For the Year Ended 31 March	Assets		Lial	Liabilities	
In Rs. '000s	2020	2019	2020	2019	
Balance at the beginning of the year	140,627	93,833	761,366	659,227	
Transferred from/to deferred tax liabilities	(904)	(119)	(1,724)	(119)	
Effect of movements in exchange rates	19,412	13,128	134	1,932	
Charge/(release)	135,485	33,785	21,942	100,326	
Balance at the end of the year	294,620	140,627	781,718	761,366	
The closing deferred tax asset balance relates to the following:					
Accelerated depreciation for tax purposes	121,411	140,627	286,030	329,982	
Impact on revaluation of property, plant and equipment	(3,035)	-	517,536	517,536	
Revaluation of investment property to fair value	(24,647)	-	-	5,240	
Employee benefits liability	-	-	(5,726)	(24,737)	
Losses available for off-set against future taxable income	200,891	-	(16,122)	(66,655)	
	294,620	140,627	781,718	761,366	

Accounting judgements, estimates and assumptions

The Group is subject to income tax and other taxes including VAT/GST. Significant judgement was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

The Group has tax losses relate to subsidiaries that have a history of losses that do not expire and may not be used to offset other tax liabilities and where the subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

The Group has contingent liabilities amounting to Rs. 20.7 Mn (2019 – Rs. 50.2 Mn). These have been arrived at after discussing with independent and legal tax experts and based on information available. All assumptions are revisited at the reporting date.

Further details on contingent liabilities are disclosed in Note 45 in the financial statements.

Impact of COVID-19

The Group recognises a deferred tax asset on unused tax losses which is expected to reduce the future tax expense. The Group 's risk management strategy involved implementation of the business continuity plans at the respective companies as a response to COVID-19 pandemic.

18.6 RECONCILIATION BETWEEN CURRENT TAX CHARGE AND THE ACCOUNTING PROFIT

For the Year Ended 31 March	(Group	Cor	npany
In Rs. '000s	2020	2019	2020	2019
Profit before tax	(1,306,957)	1,079,785	165,099	329,895
Dividend income from Group companies	218,580	317,691	-	-
Share of results of equity accounted investees	282	1,169	-	-
Other consolidation adjustments	107,991	9,283	-	-
Profit after adjustments	(980,104)	1,407,928	165,099	329,895
Dividends not subjected to income tax	(218,580)	(317,691)	(218,580)	(317,691)
Income exempt from income tax	(51,760)	(174,340)	-	-
Adjusted accounting profit/(loss) chargeable to income taxes	(1,250,444)	915,897	(53,481)	12,204
Disallowable expenses	3,269,209	2,200,469	-	-
Allowable expenses	(2,669,147)	(1,810,062)	-	(715)
Utilisation of tax losses	(112,291)	(423,932)	-	-
Tax losses not utilised in the current financial year	1,039,180	222,022	-	-
Taxable income	276,507	1,104,394	(53,481)	11,489
Current tax charged at				
Standard rate of 28% (2019 - 28%)	1,647	25,669	-	3,217
Standard rate of 24%	4,058	-	-	-
Income tax charged at 15% (2019 - 15%)	34,672	108,567	-	-
Concessionary rate of 14% (2019 - 14%)	31,064	41,725	-	-
Current tax charge	71,441	175,961	-	3,217

18.7 Reconciliation between tax expense and the product of accounting profit

For the Year Ended 31 March	G	roup	Com	npany
In Rs. '000s	2020	2019	2020	2019
Adjusted accounting profit/(loss) chargeable to income tax	(1,250,444)	915,897	(53,481)	12,204
Tax effect on chargeable profits	(150,332)	145,012	-	3,417
Tax effect on non deductible expenses	56,110	42,742	-	-
Tax effect on deductions claimed	(14,995)	(1,779)	-	(200)
Net tax effect of unrecognised deferred tax assets for the year	953	2,317	-	-
Net tax effect of deferred tax assets in respect of previous year	52,090	-	-	-
Tax Effect of transfers	239	(104)	-	-
Deferred tax due to rate differentials	(1,499)	(9,799)	-	-
Deferred tax on assets with WDV as at the end of the				
tax holiday period	-	(3,773)	-	-
Under / (over) provisions of current tax in respect of prior years	(63,836)	(17,815)	(12,450)	2,211
Other income based taxes				
Irrecoverable Economic Servcie Charge	4,683	8,842	-	-
Withholding tax on inter company dividends - 14% (2019 - 14%)	11,022	82,447	-	-
Total tax expense	(105,565)	248,090	(12,450)	5,428

The Group tax is based on the taxable profit of individual companies within the Group. At present the Tax Laws of Sri Lanka and Maldives do not provide for Group taxation.

18.8 Tax Losses Carried Forward

For the Year Ended 31 March	Co	mpany
In Rs. '000s	2020	2019
Tax losses brought forward	1,799,803	1,879,207
Adjustments on finalisation of liability	(28,725)	125,751
Tax losses arising during the year	1,039,180	218,776
Utilisation of tax losses	(112,291)	(423.932)
	2,697,966	1,799,803

18.9 Applicable rates of Income Tax

Income Tax rates of Sri lankan Companies

Companies which undertake promotion of tourism in Sri Lanka are liable to tax at the rate of 14% (2019 - 14%) of such income. Other Income is taxed at the rate of 24% with effect from 01 January 2020 (2018/19 - 28%). The following Companies enjoy a full or partial exemption and concessions under the law of Board of Investment (BOI).

- i) Profits and income of Trinco Holiday Resorts (Pvt) Ltd are exempt from tax for a period of 10 years commencing from the year in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operation whichever is earlier. The BOI exemption period has commenced from the year 2011/12.
- ii) Profits and income of Beruwala Holiday Resorts (Pvt) Ltd are exempt from tax for a period of 8 years commencing from the year in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operation whichever is earlier. The BOI exemption period has commenced from the year 2014/15.

Income Tax rates of off-shore Companies

- i) The following subsidiaries based in the Republic of Maldives, are subject to Business Profit Tax of 15% with effect from 18 July 2011.
- * John Keells Maldivian Resorts (Pte) Ltd
- * Travel Club (Pte) Ltd
- * Fantasea World Investments (Pte) Ltd
- * Tranquility (Pte) Ltd

19 EARNINGS PER SHARE

Accounting policy

Basic earnings per share (EPS) is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting outstanding share option scheme and warrants) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year /previous year.

For the Year Ended 31 March	G	iroup
In Rs. '000s	2020	2019
Profit/(Loss) attributable to equity holders of the parent (In Rs. '000s)	(1,200,568)	816,810
Weighted average number of ordinary shares (In '000s)	1,456,147	1,456,147
	(0.82)	0.56



20. DIVIDENDS PER SHARE

For the Year Ended 31 March	(Group
In Rs. '000s	2020	2019
Equity dividend on ordinary shares declared and paid during the year (In Rs. '000s)	-	218,422
Weighted average number of ordinary shares (In '000s)	1,456,147	1,456,147
Dividend per share (Rs.)		0.15

21 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Basis of recognition

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

Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in

which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Group has adopted a guideline of revaluing assets by a professional valuer at least once in every five years.

De-recognition

An item of property, plant and equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is de-recognised.

Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets or over the unexpired period of lease, whichever is lower.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The estimated useful life of assets is as follows:

Assets	Years
Buildings on leasehold land	Estimated lease period
Buildings freehold land	up to 60
Plant and machinery	03 - 10
Equipment	05 - 08
Furniture and fittings	05 - 08
Motor vehicles	05
Computer equipment	05
Cutlery, crockery and	
glassware and linen	03
Marine vessels	04 - 05

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Borrowing costs

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

Impairment of property plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the statement of other comprehensive income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Impact of COVID-19

The Group has not determined Impairment as at the reporting date due to the COVID-19 pandemic, and each business unit functions under the respective business continuity plans as per the Group risk management strategy, allowing operations to function through alternate working arrangements, whilst strictly adhering to and supporting government directives. In other business units where it is not feasible to operate in full or partial capacity in the immediate to short term under the current environment, the management has taken necessary steps to safeguard the assets.

21.1 Property, Plant and Equipment

As at 31 March In Rs. '000s	Land and buildings	Buildings on leasehold land	Plant and machinery	Equipment	
Group					
Cost or valuation					
At the beginning of the year	7,223,522	7,267,855	1,601,766	1,970,447	
Additions	45,253	44,424	81,227	210,158	
Disposals	(435)	(62,317)	(41,381)	(158,195)	
Revaluations	106,540	9,922	-	-	
Transfers	-	8,158,486	89,648	381,985	
Effect of movements in exchange rates	-	544,927	67,992	55,954	
Transfers on revaluation		(35,674)			
At the end of the year	7,374,880	15,927,623	1,799,252	2,460,349	
Accumulated depreciation					
At the beginning of the year	151,783	1,893,254	993,048	1,295,723	
Charge for the year	74,301	457,119	139,365	256,317	
Disposals	-	(24,417)	(37,793)	(148,355)	
Effect of movements in exchange rates	-	177,136	48,977	39,315	
Transfers on revaluation	-	(35,674)	-	-	
At the end of the year	226,084	2,467,418	1,143,597	1,443,000	
Carrying value					
As at 31 March 2020	7,148,796	13,460,205	655,655	1,017,349	
As at 31 March 2019	7,071,739	5,374,601	608,718	674,724	
Carrying value of assets					
At cost	-	-	-	-	
At valuation					
Carrying value of land and buildings					
At cost	_	_	_	_	
At valuation	-	-	-	-	
At valuation					

Furniture and	Motor	Computer	Cutlery, crockery glassware and	Capital work	Total	Total
fittings	vehicles	equipment	linen	in progress	2020	2019
1,264,915	136,102	245,980	231,450	3,159,467	23,101,504	19,002,153
69,664	9,140	46,529	98,959	8,974,626	9,579,980	3,917,327
(164,795)	(898)	(17,612)	(51,603)	-	(497,236)	(939,436)
-	-	-	-	-	116,462	503,023
557,052	5,264	20,610	45,618	(9,258,663)	-	-
54,080	7,834	10,110	6,735	259,981	1,007,613	776,121
-	-	-	-	-	(35,674)	(157,684)
1,780,916	157,442	305,617	331,159	3,135,411	33,272,649	23,101,504
787,083	92,463	180,789	144,207	-	5,538,350	4,918,559
165,012	17,553	32,379	59,620	-	1,201,666	982,156
(158,787)	-	(11,300)	(48,920)	-	(429,572)	(640,136)
21,232	5,550	9,268	4,223	-	305,701	435,455
	-	-			(35,674)	(157,684)
814,540	115,566	211,136	159,130	-	6,580,471	5,538,350
000 070	41.070	04.401	170,000	0 105 411	20,002,170	
966,376	41,876	94,481	172,029	3,135,411	26,692,178	17500 154
477,832	43,639	65,191	87,243	3,159,467	-	17,563,154
_	_	_	_	_	16,838,629	7,790,393
_	_	_	_	_	9,853,549	9,722,761
					26,692,178	17,563,154
					.,,	,
					10 755 452	2,673,579
-	-	-	-	-	10,755,452 9,853,549	2,673,579 9,772,761
					20,609,001	12,446,340
					20,003,001	12,440,340

21.2 Revaluation of Land and Buildings

Accounting judgements, estimates and assumptions

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties.

Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs. The date of the most recent revaluation was on 31 December 2019.

The changes in fair value recognised in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there

was lack of comparable market data available based on the nature of the property.

Impact of COVID-19

As a result of the COVID-19 outbreak in Sri Lanka during the last part of the quarter ending 31 March 2020, a reassessment of the valuations were obtained by the same independent professional valuers who determined there was no significant change to the revalued carrying amount provided as at 31 December 2019.

the following items were indicated in the reassessment reports to the Group;

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted both local and global markets.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in the valuer's considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

The details of Property, Plant & Equipment of the Group which are stated at valuation are indicated below.

Property	Method of Valuation	Effective date of valuation	Property Valuer	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Land of					
Nuwara Eliya Holiday Resorts (Pvt) Ltd	Residual method / Direct capital comparison method	31 December 2019	Mr. Sunil Fernando Consultant Valuer & Assessor	Estimated occupancy rate 70% and estimated price per perch Rs. 650,000	Positively correlated sensitivity
Land and buildings of					
Beruwala Holiday Resorts (Pvt) Ltd	Depreciated replacement cost method / Open market value method	31 December 2019	Mr. P B Kalugalagedara Consultant Valuer & Assessor	Estimated price per perch Rs. 800,000 - 1,000,000 and per square foot Rs. 3,000 - 10,500	Positively correlated sensitivity
Kandy Walk Inn Ltd	Depreciated replacement cost method / Open market value method	31 December 2019	Mr. Sunil Fernando Consultant Valuer & Assessor	Estimated price per perch Rs. 10,000 - 1,150,000 and per square foot Rs.1,000 - 8,500	Positively correlated sensitivity
Trinco Holiday Resorts (Pvt) Ltd	Open market value method	31 December 2019	Mr. P B Kalugalagedara Consultant Valuer & Assessor	Estimated price per perch Rs. 325,000 and per square foot Rs.1,000 - 6,600	Positively correlated sensitivity



Property	Method of Valuation	Effective date of valuation	Property Valuer	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Land, Buildings and Bui	ldings on leasehold land o	of			
Ceylon Holiday Resorts Ltd	Depreciated replacement cost method / Market comparable method	31 December 2019	Mr. P B Kalugalagedara Consultant Valuer & Assessor	Estimated price per perch Rs. 250,000 - 950,000 and per square foot Rs. 1,750 - 3,400	Positively correlated sensitivity
Habarana Lodge Ltd	Depreciated replacement cost method	31 December 2019	Mr. Sunil Fernando Consultant Valuer & Assessor	Estimated price per square foot Rs. 500 - 9,000	Positively correlated sensitivity
Habarana Walk Inn Ltd	Depreciated replacement cost method	31 December 2019	Mr. Sunil Fernando Consultant Valuer & Assessor	Estimated price per square foot Rs. 2,000 - 6,850	Positively correlated sensitivity
Hikkaduwa Holiday Resorts (Pvt) Ltd	Depreciated capital comparison method / Open market value method	31 December 2019	Mr. P B Kalugalagedara Consultant Valuer & Assessor	Estimated price per perch Rs. 800,000 and per square foot Rs. 2,500 - 5,400	Positively correlated sensitivity
Yala Village (Pvt) Ltd	Depreciated replacement cost method	31 December 2019	Mr. P B Kalugalagedara Consultant Valuer & Assessor	Estimated price per square foot Rs. 2,500 -7,500	Positively correlated sensitivity

Summary description of valuation methodologies

Open market value method

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Depreciated replacement cost method

Depreciated replacement cost uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Direct capital comparison method

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with capitalised value of similar property in the locality.

21.3 The carrying amounts of fair valued land and buildings if they were carried at cost less depreciation, would be as follows.

As at 31 st March	(Group
In Rs. '000s	2020	2019
Cost	15,139,537	6,954,126
Accumulated depreciation and impairment	(1,313,884)	(1,061,558)
Carrying value	13,825,653	5,892,568

21.4 Segmental Analysis of Net Book Value of property, plant and equipment

	Group
2020	2019
15,424,180	11,761,296
11,267,998	5,801,858
26,692,178	17,563,154
	15,424,180 11,267,998

- 21.5 No assets have been pledged as security for term loans obtained (2019 Rs. 3.5 Bn).
- **21.6** Group property, plant and equipment with a cost of Rs. 1,644 Mn (2019 Rs. 1,243 Mn) have been fully depreciated but continue to be in use by the Group.

22 RIGHT OF USE ASSETS

Accounting Policy

Set out below are the new accounting policies of the Group upon adoption of SLFRS 16, which have been applied from the date of initial application:

Right of use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Impact of COVID-19

The Group does not foresee any indications of impairment of right of use assets due to the COVID-19 pandemic since as each business unit is operating under the business continuity plans as per the Group risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives. The Group does not anticipate discontinuation of any right of use assets as at the reporting date and the lease liability is not reassessed as there are no known moratoriums received for the lease payments as of the reporting date.

22.1 Amounts recognised in the statement of financial position and income statement

Set out below, are the carrying amounts of the Group's right of use assets and the movements for the period ended 31 March 2020.

Right of Use Assets	Right of Use Assets				
	Lease hold	Motor			
Cost	properties	Vehicles	Total		
At the beginning of the year	18,906,512	77,697	18,984,209		
Additions	6,745,377	26,447	6,771,824		
Exchange difference	1,694,216	-	1,694,216		
At the end of the year	27,346,105	104,144	27,450,249		
Accumulated amortisation and impairment					
At the beginning of the year	-	-	-		
Amortisation	(1,303,743)	(31,273)	(1,335,016)		
At the end of the year	(1,303,743)	(31,273)	(1,335,016)		
Carrying value	26,042,362	72,871	26,115,233		

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings - Note 37) and the movements for the period ended 31 March 2020.

	Lease Liabilities
As at 1 April 2019	7,742,700
Additions	5,350,232
Interest expense	328,380
Payments	(784,953)
Exchange difference	785,175
As at 31 March 2020	13,421,534
Current	1,103,057
Non-current	12,318,477
Total lease liability as at 31 March 2020	13,421,534

The maturity analysis of lease liabilities are disclosed in Note 10.2.2.

The following are the amounts recognised in profit or loss:

	2020
Depreciation expense of right-of-use assets	1,264,617
Interest expense on lease liabilities	254,059
Total amount recognised in profit or loss	1,518,676

23 LEASE RENTALS PAID IN ADVANCE

As at 31 March		Group	
In Rs. '000s	2020	2019	
Lease rentals paid in advance			
Balance at the beginning of the year	11,449,766	10,587,355	
Transferred to ROU	(11,449,766)	-	
Amortisation during the year	-	(441,654	
Effect of movements in exchange rates	-	1,304,065	
Balance at the end of the year	-	11,449,766	

24 INVESTMENT PROPERTY

Accounting policy

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to- day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are evaluated at least every 3 years by an accredited external, independent valuer.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use for a transfer from investment property to owner occupied property. The deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant and equipment.

24.1 Investment property

Group	C	As at 31 March	
0 2019	2020	In Rs. '000s	
6 1,573,798	1,626,196	At the beginning of the year	
	-	Transfer from property, plant & equipment	
4 52,398	21,504	Change in fair value during the year	
0 1,626,196	1,647,700	At the end of the year	
0 1,626,196	1,647,700	Free hold property	
_	1,647,700	Free noid property	

Accounting judgement, estimates and assumptions

Fair value of the investment property is ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of akin location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and the 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC) by the independent valuers. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The changes in fair value recognised in the income statement. The determined fair values of investment properties, using investment method, are most sensitive to the estimated yield as well as the long term occupancy rate.

Impact of COVID-19

As a result of the COVID-19 outbreak in Sri Lanka during the last part of the quarter ending 31 March 2020, a reassessment of the valuation was obtained by the same independent professional valuer who determined no significant change to the revalued carrying amount provided as at 31 December 2019.

In the reassessment reports to the Group , the valuers stated following facts as basis for the judgement;

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted both local and global markets.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Property	Method of Valuation	Effective date of valuation	Property Valuer	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Ahungalla Holiday Resorts (Pvt) Ltd	Direct capital comparison method	31 December 2019	Mr. Sunil Fernando Chartered Valuation Surveyors	Estimated price per perch Rs. 350,000 - 400,000	Positively correlated sensitivity
Resort Hotels Ltd	Direct capital comparison method	31 December 2019	Mr. Sunil Fernando Chartered Valuation Surveyors	Estimated price per perch Rs.150,000 - 300,000	Positively correlated sensitivity
Trinco Walk Inn Ltd	Direct capital comparison method	31 December 2019	Mr. Sunil Fernando Chartered Valuation Surveyors	Estimated price per perch Rs. 200,000 - 350,000	Positively correlated sensitivity
Wirawila Walk Inn Ltd	Direct capital comparison method	31 December 2019	Mr. Sunil Fernando Chartered Valuation Surveyors	Estimated price per perch Rs. 21,875	Positively correlated sensitivity

Summary description of valuation methodologies can be found in property plant and equipment Note 21.2.

25 INTANGIBLE ASSETS

Accounting policy

Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged to income statement in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives such as Goodwill are not amortised but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Impact of COVID-19

The Group has not determined impairment of goodwill as at the reporting date due to the COVID-19 pandemic as each business unit is operating under the business continuity plans as per the Group risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives. Other business units where it is not feasible to operate in full or partial capacity in the immediate short term under the current environment, the management has taken necessary steps to safeguard the assets.

25.1 Intangible Assets

As at 31 March		Group
In Rs. '000s	2020	2019
At the beginning of the year	670,407	670,407
Adjustment on impairment	-	-
At the end of the year	670,407	670,407

Goodwill acquired through Business Combinations has been allocated to Cinnamon Resorts for impairment testing.

As at 31 March	Net Carrying Valu Goodwill	e of
In Rs. '000s	2020	2019
Cinnamon resorts	670,407 67	0,407
	670,407 67	0,407

The recoverable amount of all CGUs have been determined based on the Fair Value Less Cost to Sell or Value In Use (VIU) calculation.

Accounting judgements, estimates and assumptions

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the 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. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Gross Margins

The basis used to determine the value assigned to the budgeted gross margins, is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Inflation

The basis used to determine the value assigned to the budgeted cost inflation is the inflation rate based on projected economic conditions.

Discount Rate

The discount rate used is the risk free pre-tax discount rate, adjusted by the addition of an appropriate risk premium.

Volume Growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on industry growth rates.

Cash flows beyond the five year period has been extrapolated using a zero growth rate.

26 INVESTMENTS IN SUBSIDIARIES

Accounting policy

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

Impact of COVID-19

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

26.1 Carrying value

As at 31 March		Gro	up	С	ompany
In Rs. '000s	Note	2020	2019	2020	2019
Investments in subsidiaries - Unquoted	26.2	-	-	12,678,838	12,208,992
		-	_	12,678,838	12,208,992

26.2 Investments in subsidiaries - Unquoted

For the Year Ended 31 March	Gr	oup	Company			
	Effective Holding Effective Holding		Holding	Cost (Rs. '000)		
In Rs. '000s	2020	2019	2020	2019	2020	2019
Ceylon Holiday Resorts Ltd *	99.39%	99.31%	99.39%	99.31%	3,152,248	2,685,922
Habarana Lodge Ltd	98.35%	98.35%	98.35%	98.35%	695,084	695,084
International Tourists and Hoteliers Ltd	99.33%	99.33%	99.33%	99.33%	2,094,401	2,094,401
Kandy Walk Inn Ltd	98.39%	98.39%	98.39%	98.39%	408,998	408,998
Habarana Walk Inn Ltd	98.77%	98.77%	98.77%	98.77%	311,851	311,851
John Keells Maldivian Resorts (Pte) Ltd	100.00%	100.00%	100.00%	100.00%	4,739,853	4,739,853
Rajawella Hotels Co. Ltd	100.00%	100.00%	100.00%	100.00%	35,702	35,412
Trinco Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	95,940	95,940
Wirawila Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	27,619	27,089
Yala Village (Pvt) Ltd	93.78%	93.78%	93.78%	93.78%	300,678	300,678
Trinco Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	357,000	357,000
Ahungalla Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	134,240	133,490
Nuwara Eliya Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	325,024	323,074
Cinnamon Holidays (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	200	200
Resort Hotels Ltd	99.39%	99.31%	-	-	-	-
Tranquility (Pte) Ltd	100.00%	100.00%	-	-	-	-
Travel Club (Pte) Ltd	100.00%	100.00%	-	-	-	-
Fantasea World Investments (Pte) Ltd	100.00%	100.00%	-	-	-	-
Beruwala Holiday Resorts (Pvt) Ltd	99.33%	99.33%	-	-	-	-
Hikkaduwa Holiday Resorts (Pvt) Ltd	99.39%	99.31%	-	-	=	-
Total investments in subsidiaries					12,678,838	12,208,992

^{*} The Company increased its shareholdings in Ceylon Holiday Resorts Ltd from 99.31% to 99.39% with an investment of Rs. 426 Mn by subscribing to the rights issue in August 2019.

26.3 Material partly-owned subsidiaries

The Group has concluded that non-controlling interest is not material in aggregate and individually for disclosure purpose.

27 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Accounting policy

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Impact of COVID-19

Investments in equity accounted investees are carried at cost less any accumulated impairment losses. The Group has not determined impairment as at the reporting date due to the COVID-19 pandemic.

Joint ventures entered into by the Group, which have been accounted for using the equity method, is

Name

Country of incorporation

Sentinel Realty (Pvt) Ltd

Sri Lanka

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associate company incorporated in Sri Lanka of the Group which has been accounted for under the equity method of accounting is:

Name

Country of incorporation

Indra Hotels & Resorts Kandy (Pvt) Ltd

Sri Lanka

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint

venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change 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 the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in accociate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of result of equity accounted investees' in the income statement.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

The accounting policies of associate companies and joint ventures conform to those used for similar transactions of the Group.

Equity method of accounting has been applied for associates and joint ventures using their corresponding/matching 12 month financial period.

INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

27.1 Carrying value

As at 31 March		G	roup	Company	
In Rs. '000s	Note	2020	2019	2020	2019
Investments in joint venture - Unquoted	27.2	76,684	74,655	66,237	66,237
Investments in associate - Unquoted	27.2	567,724	421,947	567,760	420,560
		644,408	496,602	633,997	486,797

27.2 Investments in joint venture and associate - Unquoted

As at 31 March	Effective I Company	Company		
In Rs. '000s	2020	2019	2020	2019
Investments in joint venture - Unquoted				
Sentinel Realty (Pvt) Ltd	50.00%	50.00%	66,237	66,237
Total investments in joint venture			66,237	66,237
Investments in associate - Unquoted				
Indra Hotels & Resorts Kandy (Pvt) Ltd	40.00%	40.00%	567,760	420,560
Total investment in associate			567,760	420,560
			633,997	486,797

27.3 Summarised financial information of equity accounted investees

For the Year Ended 31 March	Sentinel Realt	v (Pvt) Ltd	Indra Hot Resorts Kandy		Tota	I
In Rs. '000s	2020	2019	2020	2019	2020	2019
Group share of;						
Revenue	56	136	-	-	56	136
Operating expenses	(1,024)	(1,062)	(275)	(27)	(1,299)	(1,089)
Net finance income	21	10	1,599	1,954	1,620	1,964
Changes in fair value of investment						
property	325	775			325	775
Tax expenses	(71)	(78)	(349)	(539)	(420)	(617)
Share of results of equity accounted						
investees	(693)	(219)	975	1,388	282	1,169
Other comprehensive income	324	(204)	-	_	324	(204)

The share of results of equity accounted investees in Income Statement and Other Comprehensive Statement are shown net of all related taxes.

			Indra Ho	tels &		
For the Year Ended 31 March	Sentinel Realt	ty (Pvt) Ltd	Resorts Kand	ly (Pvt) Ltd	Tota	al
In Rs. '000s	2020	2019	2020	2019	2020	2019
Group share of;						
Group share of; Total assets	78,864	77,319	578,172	422,425	657,036	499,744
	78,864 (2,180)	77,319 (2,664)	578,172 (10,448)	422,425 (478)	657,036 (12,628)	499,744 (3,142

The Group and the Company have neither contingent liabilities nor capital and other commitments in respect of its joint venture.

28 NON-CURRENT FINANCIAL ASSETS

As at 31 March		G	roup	Com	oany
In Rs. '000s	Note	2020	2019	2020	2019
Outside Investments					
Quoted					
Ceylon Hotels Corporation PLC		8	5	8	5
Unquoted					
Rainforest Ecolodge (Pvt) Ltd		18,347	18,347	-	-
Sri Lanka Hotel Tourism Training Institute Ltd		50	50	-	-
Rajawella Holdings Ltd		161,357	161,357		
		179,754	179,754	-	-
Loans to executives	28.1	6,729	4,208	-	-
Total other non current financial assets		186,491	183,967	8	5

Carrying value of the investment in Rajawella Holdings Ltd would remain as last year since the fair value of the investment cannot be reliably measured as the underlying investee company is in its development stage.

Impact of COVID-19

Impact of the pandemic on the Non-current financial assets have been elaborated in Note 10.

28.1 Loans to executives

As at 31 March	Gre	Group		
In Rs. '000s	2020	2019		
At the beginning of the year	5,345	7,666		
Loans granted / transfers	4,237	2,158		
Recoveries	(1,244)	(4,479)		
At the end of the year	8,338	5,345		
Receivable within one year	1,609	1,137		
Receivable between one and five years	6,729	4,208		
	8,338	5,345		

29 OTHER NON-CURRENT ASSETS

Gr	oup
2020	2019
1,404	980
1,404	980
	2020 1,404



30 INVENTORIES

Accounting policy

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

Food and Beverage - On a weighted average basis

House Keeping and Maintenance - On a weighted average basis

Other inventories - At actual cost

Impact of COVID -19

Perishables, products with short shelf lives or expiration dates, or specific seasonal inventories were considered at risk of an impairment. The Group has adequately adjusted the carrying value of the inventory to reflect its net realisable value.

30.1 Inventories

As at 31 March	G	roup
In Rs. '000s	2020	2019
Food and beverage	159,303	88,510
House keeping and maintenance	137,598	94,613
Others	10,496	3,428
	307,397	186,551
Less: Provision for slow moving inventories	(10,714)	(7,336)
	296,683	179,215

There were no inventories pledged as security for borrowings as at 31 March 2020. (as at 31 March 2019- nil)

31 TRADE AND OTHER RECEIVABLES

Receivables represent the Group's right to an amount of consideration that is unconditional. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Impact of COVID-19

The Group 's simplified Expected Credit Loss model is based on the provision metrics which allowed to use under the practical expedient of SLFRS 9. As part of the Group wide spend control and cash management efforts set up (Cash war rooms) to manage the COVID-19 impact on working capital and collections, the individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different ways in which the COVID-19 outbreak affects different types of customers. The Group assessed how the timing and amount of cash flows generated by outstanding trade receivables might be affected and increased loss rates as necessary.

As at 31 March		(Group		
In Rs. '000s	Note	2020	2019		
Trade receivables		1,366,546	1,091,274		
Provision for expected credit loss	31.1	(93,353)	(51,900)		
Other receivables		197,309	98,610		
Loans to executives	28.1	1,609	1,137		
		1,472,111	1,139,121		

Refer credit risk note (Note 10.1.3) for age analysis of trade and other receivables.

31.1 Movement of provision for expected credit loss

As at 31 March In Rs. '000s	Group Expected credit loss
As at 31 March 2019	51,900
Charge for the year	41,453
As at 31 March 2020	93,353

32 OTHER CURRENT ASSETS

As at 31 March	(Group		
In Rs. '000s	2020	2019	2020	2019
Prepayments and non cash receivables	453,412	1,060,612	3	2,188
Tax recoverable	478,838	240,665	796	1,619
	932,250	1,301,277	799	3,807

33 SHORTTERM INVESTMENTS

Accounting policy

Cash and cash equivalents in the statement of cash flows comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the cashflow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

As at 31 March	Group		Company		
In Rs. '000s	2020	2019	2020	2019	
Bank deposits (Less than 3 months) reported for cash flow	624,787	1,371,109	3,781	385,516	
Bank deposits (more than 3 months and less than 1 year)	34,558	152,542	-	-	
Total short term investments	659,345	1,523,651	3,781	385,516	

34 STATED CAPITAL

Accounting policy

The ordinary shares of John Keells Hotels PLC are quoted in the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible for one vote per share at Annual General Meetings of the Company. The Group has in place an Employee Share Option Plan. Please refer Note 36 for further details

As at 31 March	20.	20	2019		
		Rs.		Rs	
	Number of	Value of	Number of	Value of	
	shares	Shares in	shares	Shares in	
	'000s	'000s	'000s	'000s	
STATED CAPITAL Fully paid ordinary shares					
At the beginning of the year	1,456,147	9,500,247	1,456,147	9,500,247	
7 tt the beginning of the year					
Issue of shares	-	-	-		

35 OTHER COMPONENTS OF EQUITY

As at 31 March		G	Group	Company	
In Rs. '000s	Note	2020	2019	2020	2019
Revaluation reserve	35.1	4,952,513	4,842,272	-	-
Foreign currency translation reserve	35.2	5,709,032	4,668,858	-	
Fair value reserve of financial assets at FVOCI	35.3	(5)	(8)	(5)	(8)
Employee share option plan reserve	35.4	59,584	53,071	-	-
		10,721,124	9,564,193	(5)	(8)

- 35.1 Revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment.
- **35.2** Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operation into Sri Lankan rupees.
- 35.3 Fair value reserve of financial assets at FVOCI includes changes of fair value of equity instruments.
- **35.4** Employee share option plan reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

36 SHARE-BASED PAYMENT PLANS

Accounting Policy

Employee share option plan

Employees of the company and its subsidiaries are eligible to participate in employee share option schemes of John Keells Holdings PLC (Ultimate parent). Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transaction).

The Group applies SLFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares from financial year 2013/14 onwards.

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Employee Share Option Scheme

Under the John Keells Group's Employees share option scheme (ESOP), share options of the parent are granted to senior executives of the company and the subsidiary with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives.

The expense recognised for employee services received during the year is shown in the following table:

For the year ended 31 March	Gro	oup
In Rs. '000s	2020	2019
Expense arising from equity-settled share-based payment transactions	6,543	9,057
Total expense arising from share-based payment transactions	6,543	9,057

Movements in the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Group			
	2020)	2019	
	No.	WAEP	No.	WAEP
Outstanding at 1 April	882,528	163.96	878,181	163.96
Granted during the year	-	-	141,963	138.69
Transfer in / (out)	(193,199)	126.86	107,488	143.45
Forfeited during the year	(47,637)	172.67	(245,104)	191.65
Adjustment during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 March	641,692	139.70	882,528	163.96
Exercisable at 31 March	423,249	139.56	468,414	158.80

Accounting judgements, estimates and assumptions

The fair value of the share options is estimated at the grant date using most appropriate valuation model, taking into account the terms and conditions upon which the share options were grated.

The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk free interest rate.



37 INTEREST BEARING BORROWINGS

As at 31 March		Group		
In Rs. '000s	Note	2020	2019	
Bank Borrowings	37.1	11,721,527	4,186,907	
Leases	22.1	13,421,534	-	
		25,143,061	4,186,907	
Current liability				
Bank Borrowings	37.1	972,338	979,403	
Lease Liabilities	22.1	1,103,057	-	
		2,075,395	979,403	
Non-current liability				
Bank Borrowings	37.1	10,749,189	3,207,504	
Lease Liabilities	22.1	12,318,477	-	
		23,067,666	3,207,504	
		25,143,061	4,186,907	

37.1 Bank Borrowings

Movement		
Balance at the beginning of the year	4,186,907	3,984,971
Cash Movement		
Loans obtained during the year	9,615,288	1,125,099
Repayments during the year	(2,703,533)	(1,281,475)
Non Cash Movement		
Accrued interest	95,459	-
Currency translation difference	527,406	358,312
Balance at the end of the year	11,721,527	4,186,907
Analysed by repayment period		
Repayable within one year	972,338	979,403
Repayable between one and five years	10,749,189	3,207,504
	10,749,189	3,207,504
	11,721,527	4,186,907

37.2 Security and Repayment Terms of Borrowings

As at 31 March In Rs. '000s	Nominal Interest Rate	Repayment terms	Carrying value of collaterals	2020	2019
Ceylon Holiday Resorts Ltd	AWPLR plus margin	78 monthly instalments with 18 months grace period	Corporate guarantee of John Keells Hotels PLC of Rs. 2.45 Bn	2,092,297	-
Beruwala Holiday Resorts (Pvt) Ltd	1 month SLIBOR based plus margin	74 monthly instalments commencing from April 2013	-	-	49,683
(FVI) Liu	1 month LIBOR based plus margin	20 quarterly instalments commencing from March 2018	-	198,351	180,933
Fantasea World Investments (Pte) Ltd	3 months LIBOR based plus margin	22 quarterly instalments after 18 months grace period commencing from December 2018	Leasehold rights of Island of Cinnamon Hakuraa Huraa.	3,678,726	945,676
Habarana Lodge Ltd	1 months LIBOR based plus margin	8 quarterly instalments commencing from June 2018	-	35,058	31,581
Hikkaduwa Holiday Resorts (Pvt) Ltd	AWPLR	66 monthly instalments commencing from November 2013	-	-	11,828
	1 months LIBOR based plus margin	16 quarterly instalments commencing from June 2018	-	148,131	135,097
Tranquility (Pte) Ltd	3 months LIBOR based plus margin	20 quarterly instalments after a 12 months grace period commencing from September 2019	Leasehold right on the Island of Kanuoiy Huraa in Kaafu (Male')	5,347,425	2,460,686
Travel Club (Pte) Ltd	1 months LIBOR based plus margin	12 quarterly instalments commencing from September 2017	-	63,208	146,208
Trinco Holiday Resorts (Pvt) Ltd	AWPLR based plus margin	83 monthly instalments commencing from July 2014	Letter of comfort of John Keells Hotels PLC	91,000	165,000
	1 months LIBOR based plus margin	6 quarterly instalments commencing from May 2018	-	41,030	36,529
Yala Village (Pvt) Ltd	1 months LIBOR based plus margin	8 quarterly instalments commencing from May 2018	-	26,300	23,686
		55.711110110111g 110111 Wildy 2010		11,721,526	4,186,907

38 EMPLOYEE BENEFIT LIABILITY

Accounting Policy

Employee contribution plans - EPF/ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

Employee defined benefit plan - gratuity

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the other comprehensive income.

As at 31 March		Group	
In Rs. '000s	Note	2020	2019
Employee defined benefit plan - gratuity	38.1	186,983	204,822
Other long term employee benefits	38.2	9,490	8,758
		196,473	213,580

38.1 Employee defined benefit plan - gratuity

As at 31 March	G	Group	
In Rs. '000s	2020	2019	
Balance at the beginning of the year	204,822	191,449	
Current service cost	22,151	18,801	
Interest cost on benefit obligation	20,344	18,956	
Payments	(21,805)	(21,754)	
Transfers	(10,183)	(1,777)	
(Gain)/Loss arising from changes in assumptions	(28,346)	(853)	
Balance at the end of the year	186,983	204,822	
The expenses recognised in the following line items in the income statement			
Cost of sales	18,761	15,989	
Administrative expenses	23,240	21,717	
Distribution expenses	94	51	
	42,495	37,757	

Accounting judgements, estimates and assumptions

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date.

The employee benefit liability of the Group is based on the actuarial valuations carried out by Smiles Global (Pvt) Limited., actuaries.

The principal assumptions used in determining the cost of employee benefits were:

	2020	2019
Discount rate Future salary increases	11% 8%	11 % 10 %

38.1.1 Sensitivity of assumptions used

If a one percentage point change is assumed in the discount rate and salary increment rate, it would have the following effects:

	Group			
In Rs. '000s	Discount	rate	Salary incre	ement
As at 31 March	2020	2019	2020	2019
Effect on the defined benefit obligation liability Increase by one percentage point Decrease by one percentage point	(6,217) 6,488	(6,980) 9,165	6,973 (6,742)	9,543 (7,470)

38.1.2 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years.

As at 31 March		Group
In Rs. '000s	2020	2019
Within the next 12 months	13,114	10,466
Between 1 and 2 years	15,682	10,548
Between 2 and 5 years	127,552	111,976
Between 5 and 10 years	30,635	71,832
Total expected payments	186,983	204,822

The Group weighted average duration of the defined benefit plan obligation is 4.52 (2019 - 5.27) years.

38.2 Other long term employee benefits

As at 31 March	G	roup
In Rs. '000s	2020	2019
Balance at the beginning of the year	8,758	_
Current service cost	732	8,758
Balance at the end of the year	9,490	8,758

NOTES TO THE FINANCIAL STATEMENTS

39 OTHER DEFERRED LIABILITIES

Accounting policy

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match to the costs, that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Deferred sublease payment

Lease payment under operating lease recognise as an expense on a straight-line basis over the lease term. Differences arising due to lease payments and lease charges recognised on straight line basis, are adjusted through the other deferred liabilities account.

As at 31 March		Group		
In Rs. '000s	Note	2020	2019	
Grant	39.1	389	1,797	
Deferred sublease payment		-	207,957	
		389	209,754	
Balance at the beginning of the year		1,797	2,875	
Grant received during the year		-	-	
Amortisation during the year		(1,408)	(1,078)	
Balance at the end of the year		389	1,797	

39.1 Basis of amortisation - 25% p.a.

This represents the grant received by Fantasea World Investments (Pte) Ltd from Ministry of Tourism of Maldives to develop a bio gas plant.

40 TRADE AND OTHER PAYABLES

Accounting policy

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business.

Trade payables are classified as current liabilities if payment is due within one year.

As at 31 March	G	Group		Company		
In Rs. '000s	2020	2019	2020	2019		
Trade payables	528,242	311,667	-	-		
Other payables	592,115	329,919	14,023	14,326		
Accrued expenses	310,432	119,659	-	-		
	1,430,789	761,245	14,023	14,326		

Trade and other payables are normally non-interesting bearing and settled within one year. For further explanation on the Group's liquidity risk management process refer Note 10.2.

41 OTHER LIABILITIES

Accounting policy

Group classifies all non financial liabilities under other non-current and current liabilities.

41.1 Other Non-current liabilities

These include non-refundable deposits received.

41.2 Other current liabilities

These include non refundable deposits, advances and other tax payables.

As at 31 March	G	Group	
In Rs. '000s	2020	2019	
Contract Liabilities	189,186	436,729	
Non refundable deposits	23,975	28,529	
Other tax payables	119,920	175,439	
	333,081	640,697	

42 RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business at arm's length price with the following related entities. The list of Directors at each of the subsidiary and joint venture companies have been disclosed in the Group directory under the Supplementary Information section of the Annual Report.

Outstanding current account balances at the year end are unsecured, interest free and settlements occur in cash. Loans are given at pre-agreed terms and interest rates.

Non-recurrent related party transactions

There were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2019 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2019 audited financial Statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

NOTES TO THE FINANCIAL STATEMENTS

42.1 Amounts due from related parties

As at 31 March	G	roup	Com	npany
In Rs. '000s	2020	2019	2020	2019
Ultimate parent				
John Keells Holdings PLC	43	107	-	
Companies under common control				
Walkers Tours Ltd	46,983	116,693	-	
Cinnamon Hotel Management Ltd	9,853	8,270	-	
Whittall Boustead (Travel) Ltd	3,474	2,827	-	
Whittall Boustead Ltd	545	1,099	-	
Rajawella Holdings Ltd	819	510	-	
Sentinel Realty (Pvt) Ltd	-	159	10	
Asian Hotels & Properties PLC	1,468	124	-	
Trans Asia Hotels PLC	4	-	-	
John Keells Office Automation (Pvt) Ltd	12	16	-	
Nuwara Eliya Holiday Resorts (Pvt) Ltd	-	-	10	2,881
Wirawila Walk Inn Ltd	-	-	3	1,029
Kandy Walk Inn Ltd	-	-	40	
Ceylon Holiday Resorts Ltd	-	-	4,514	660
Resort Hotels Ltd	-	-	-	518
Rajawella Hotels Co. Ltd	-	-	3	310
Yala Village (Pvt) Ltd	-	-	6,000	
Beruwala Holiday Resorts (Pvt) Ltd	-	-	41	
Hikkaduwa Holiday Resorts (Pvt) Ltd	-	-	41	
Trinco Holiday Resorts (Pvt) Ltd	-	-	41	
Cinnamon Holidays (Pvt) Ltd			22	
	63,158	129,698	10,725	5,398
	63,201	129,805	10,725	5,398

42.2 Amounts due to related parties

As at 31 March	G	roup	Company	
In Rs. '000s	2020	2019	2020	2019
Ultimate parent			'	
John Keells Holdings PLC	12,749	6,311	542	953
Companies under common control				
Cinnamon Hotel Management Ltd	72,909	82,242	1,741	475
Cinnamon Hotel Management International (Pvt) Ltd	35,098	41,033	-	_
InfoMate (Pvt) Ltd	4,373	3,112	47	47
Keells Food Products PLC	-	2,784	-	-
Mackinnons Travel (Pvt) Ltd	1,603	1,931	-	-
John Keells International (Pvt) Ltd	2,006	1,688	-	-
Walkers Tours Ltd	309	1,542	-	-
Sancity Hotels & Properties Ltd	586	1,038	-	-
Trans Asia Hotels PLC	-	1,030	-	-
Asian Hotels & Properties PLC	-	556	-	-
Mack Air Services Maldives (Pvt) Ltd	632	528	-	-
Keells Consultants (Pvt) Ltd	603	419	168	191
John Keells Office Automation Ltd	435	195	-	-
Ceylon Cold Stores PLC	116	199	-	-
Jaykay Marketing Services (Pvt) Ltd	-	34	-	-
Saffron Aviation (Pvt) Ltd	-	12	-	-
Nuwara Eliya Holiday Resorts (Pvt) Ltd	-	-	-	2,730
Wirawila Walk Inn Ltd	-	-	-	947
Resort Hotels Ltd	-	-	-	436
Rajawella Hotels Co Ltd	-	-	-	311
Yala Village (Pvt) Ltd	-	-	16	18
	118,670	138,343	1,972	5,155
	131,419	144,654	2,514	6,108

NOTES TO THE FINANCIAL STATEMENTS

42.3 Transactions with related parties

For the year ended 31 March		G	Group		Company	
In Rs. '000s	Note	2020	2019	2020	2019	
Ultimate parent						
Receiving of services		(98,556)	(65,609)	(3,099)	(4,002)	
Directors fees paid		(8,113)	(11,577)	(2,900)	(4,569)	
Companies under common control						
Purchase of goods	42.4	(36,100)	(22,331)	-	-	
Rendering of services	42.4	269,682	419,497	-	-	
Receiving of services	42.4	(940,035)	(858,311)	(1,362)	(1,652)	
Post employment benefit plan						
Contributions to the provident fund		2,194	2,746	-	-	

42.4 Transactions with Companies under Common Control

For the year ended 31 March	G	roup	Com	npany
In Rs. '000s	2020	2019	2020	2019
Purchase of goods				
Ceylon Cold Stores PLC	(1,145)	(1,026)	-	-
Jaykay Marketing Services (Pvt) Ltd	(234)	(761)	-	-
John Keells Office Automation (Pvt) Ltd	(27,921)	(9,226)	-	-
Keells Food Products PLC	(6,800)	(11,318)	-	-
	(36,100)	(22,331)	-	-
Rendering of services				
Walkers Tours Ltd	253,562	378,569	-	-
Whittall Boustead Travel Ltd	13,802	7,915	-	-
Cinnamon Hotel Management Ltd	1,406	19,464	-	
Mackinnons Travel (Pvt) Ltd	134	11,863	-	-
Other related parties	778	1,686	-	
	269,682	419,497	-	-
Receiving of services				
Infomate (Pvt) Ltd	(42,295)	(38,274)	(605)	(567
Keells Consultants (Pvt) Ltd	(3,078)	(2,973)	(757)	(1,085
John Keells International (Pvt) Ltd	(15,401)	(19,431)	-	-
John Keells Office Automation (Pvt) Ltd	(29,336)	(495)	-	-
Cinnamon Hotel Management Ltd	(473,116)	(443,041)	-	-
Cinnamon Hotel Management International (Pvt) Ltd	(308,597)	(319,807)	-	-
Mackinnons Travels (Pvt) Ltd	(22,903)	(11,195)	-	-
Walkers Tours Ltd	(3,847)	(3,444)	-	-
Mack Air Services Maldives (Pvt) Ltd	(26,986)	(12,512)	-	-
Other related parties	(14,476)	(7,139)	<u> </u>	
	(940,035)	(858,311)	(1,362)	(1,652

42.5 Compensation of Key Management Personnel

For the year ended 31 March	Group		Company	
In Rs. '000s	2020	2019	2020	2019
Short term employee benefits	14,400	19,145	6,287	8,118
Post employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	14,400	19,145	6,287	8,118

Key management personnel include members of the Board of Directors of John Keells Hotels PLC, its subsidiaries and John Keells Holdings PLC.

43 COMMITMENTS

43.1 Capital Commitments

As at 31 March	Group		Company	
In Rs. '000s	2020	2019	2020	2019
Capital commitments contracted but not incurred	389,135	4,161,740	-	-
Capital commitments approved but not contracted	3,859,048	5,611,504	-	-
Guarantees commitment	2,450,000	-	2,450,000	-
	6,698,183	9,773,244	2,450,000	-

Capital commitments of the Group relates to construction of a hotel by Nuwara Eliya Holiday Resorts (Pvt) Ltd and the redevelopment of the south wing of Cinnamon Bentota Beach. These projects have been temporarily suspended due to the prevailing COVID-19 pandemic situation in the country.

The Management is closely monitoring the situation to recommence the projects by abiding any government rules and regulation including safeguarding staff and ensuring all health and safety protocols are met.

Distinctive
Annual Report 2019/20 John Keells Hotels PLC

NOTES TO THE FINANCIAL STATEMENTS

44 ASSETS PLEDGED

Assets pledged for facilities obtained is given in Note 37.2 to the financial statements.

45 CONTINGENT LIABILITIES

Accounting policy

Provisions, contingent assets and contingent liabilities

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

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

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or
- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15)

Contingent assets are disclosed, where inflow of economic benefit is probable.

There were no significant contingent liabilities as at the reporting date except for the following:

Ceylon Holiday Resorts Ltd

Income tax assessments relating to years of assessment 2012/13 to 2016/17. The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2020 is estimated at Rs. 15.3 Mn.

Kandy Walk Inn (Pvt) Ltd

Income tax assessment relating to year of assessment 2016/17. The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2020 is estimated at Rs. 5.4 Mn.

The management is confident that the ultimate resolution of the above contingencies are unlikely to have a material adverse effect on the financial position of the Group.

Distinctive

John Keells Hotels PLC Annual Report 2019/20

46 EVENTS SUBSEQUENT TO THE REPORTING DATE

There have been no events subsequent to the reporting date, which require disclosure in the financial statements but the Group has been closely monitoring the impact of the development of COVID-19 on the Group's business operations.

After a stringent lockdown period of over a month, curfew has been gradually eased off in many parts of the country, with the imposition remaining only for few high risk districts, including the Colombo district, although business activity has resumed across the country, and it is encouraging that there is no indication of community spread in the country at the moment. The Group has evaluated all guidelines issued by the Government as well as international best practices and has developed individual health and safety guidelines to ensure suitable working arrangements and safe conditions for employees, customers and other stakeholders.

The most recent release by the Government states that curfew restrictions in the two districts will remain, with restrictions being eased off during the day for the gradual commencement of economic activity by the public and private sectors. Although it is too soon to make an assessment, the Group has seen a smooth transition with the resumption of business activity where the Group is already seeing positive momentum. Given the volatile and evolving landscape, the Group will continue to monitor the impacts on its operations and proactively take measures to ensure the business continues as seamlessly as possible.

Supplementary
Information

A DISTINCTIVE JOURNEY

Over the years we have delivered consistent results, while distributing vast stores of value to the nation.

QUARTERLY INFORMATION

INCOME STATEMENT - GROUP

			2019/2020		
For the three months ended	June	September	December	March	For the
In Rs. '000s	30	30	31	31	year ended
Revenue	1,665,269	1,735,618	2,627,132	3,683,722	9,711,741
Cost of sales	(658,029)	(712,631)	(996,959)	(1,128,855)	(3,496,474)
Gross profit	1,007,240	1,022,987	1,630,173	2,554,867	6,215,267
Other operating income	4,012	5,350	4,361	14,758	28,481
Administrative expenses	(1,122,990)	(1,148,501)	(1,465,971)	(1,648,086)	(5,385,548)
Distribution expenses	(64,433)	(74,027)	(142,058)	(134,746)	(415,264)
Other operating expenses	(240,193)	(248,416)	(328,462)	(390,328)	(1,207,399)
Finance expenses	(104,571)	(109,609)	(165,901)	(273,023)	(653,104)
Finance income	34,463	21,448	16,428	16,485	88,824
Change in fair value of investment property	-	-	-	21,504	21,504
Share of results of equity accounted investees	439	(107)	(408)	358	282
Profit/(loss) before tax	(486,033)	(530,875)	(451,838)	161,789	(1,306,957)
Tax reversal/(expense)	48,949	60,083	62,361	(65,828)	105,565
Profit/(loss) for the year	(437,084)	(470,792)	(389,477)	95,961	(1,201,392
Attributable to:					
Equity holders of the parent	(433,742)	(468,506)	(389,351)	91,031	(1,200,568)
Non-controlling interests	(3,342)	(2,286)	(126)	4,930	(824)
	(437,084)	(470,792)	(389,477)	95,961	(1,201,392

STATEMENT OF FINANCIAL POSITION - GROUP

	2019/2020						
As at	June	September	December	March			
In Rs. '000s	30	30	31	31			
Assets							
Non current assets	40,880,781	50,909,230	53,344,518	56,252,441			
Current assets	3,808,581	3,984,180	4,665,778	4,323,643			
Total Assets	44,689,362	54,893,410	58,010,296	60,576,084			
Equity and Liabilities							
Equity	28,408,634	28,360,104	27,933,318	28,745,075			
Non controlling interest	133,282	125,321	125,200	127,318			
Total Equity	28,541,916	28,485,425	28,058,518	28,872,393			
Non current liabilities	11,821,215	20,764,399	23,301,322	24,139,204			
Current liabilities	4,326,231	5,643,586	6,650,456	7,564,487			
Total Liabilities	16,147,446	26,407,985	29,951,778	31,703,691			
Total Equity and Liabilities	44,689,362	54,893,410	58,010,296	60,576,084			
SHARE INFORMATION							
Earnings per share	(0.30)	(0.32)	(0.27)	0.06			
Net assets per share	19.51	19.48	19.18	19.74			
Market price per share							
Highest	7.90	9.20	12.90	11.80			
Lowest	6.60	6.90	8.40	6.60			
Last traded price	6.80	8.50	11.60	6.70			

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

INCOME STATEMENT

	G	roup	Company		
For the year ended 31 March	2020	2019	2020	2019	
In USD '000s					
Revenue from contracts with customers	54,129	65,445	-	-	
Cost of sales	(19,488)	(20,401)	-	-	
Gross profit	34,641	45,044	-	-	
Dividend income	-	-	1,218	1,885	
Other operating income	159	105	22	5	
Administrative expenses	(30,017)	(28,185)	(141)	(150)	
Distribution expenses	(2,314)	(2,071)	-	-	
Other operating expenses	(6,729)	(8,445)	(1)	(1)	
Results from operating activities	(4,260)	6,448	1,098	1,739	
Finance expenses	(3,640)	(1,490)	(213)	(51)	
Finance income	495	1,129	35	270	
Change in fair value of investment property	120	311	-	-	
Share of results of equity accounted investees (net of tax)	2	7	-	-	
Profit/(loss) before tax	(7,283)	6,405	920	1,958	
Tax reversal/(expense)	588	(1,472)	69	(32)	
Profit/(loss) for the year	(6,695)	4,933	989	1,926	
Attributable to :					
Equity holders of the parent	(6,691)	4,845			
Non-controlling interests	(5)	88			
	(6,696)	4,933			
Exchange Rate (SL Rs.)	179.42	168.58	179.42	168.58	

Indicative consolidated accounts have been published in USD equivalents for information purposes only.

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. These financial statements should be read together with the auditors opinion and note to the financial statements.

The exchange rates prevailing at each year end have been used for the conversion of the consolidated income statement and the statement of financial position.

STATEMENT OF FINANCIAL POSITION

		Group	Coi	mpany
As at 31 March	2020	2019	2020	2019
In USD '000s				
ASSETS Non-current assets				
Property, plant and equipment	140,763	100,103		
Right of use asset	137,720	100,103	-	
Lease rentals paid in advance	137,720	65,259	-	
Investment property	8,689	9,269	-	
Intangible assets	3,535	3,821	-	
Investments in subsidiaries	3,555	3,021	66,863	69,58
Investments in equity accounted investees	3,398	2,830	3,343	2,77
Non-current financial assets	983	1,049	3,343	۷,//
Deferred tax assets	1,554	802	-	
		6	-	
Other non-current assets	7		70.200	70.00
	296,649	183,139	70,206	72,36
Current assets				
Inventories	1,565	1,021	-	
Trade and other receivables	7,763	6,493	-	
Amounts due from related parties	4,916	7,417	4	2
Other current assets	333	740	57	3
Income tax recoverable	518	661	-	
Short term investments	3,477	8,684	20	2,19
Cash in hand and at bank	4,228	4,159	25	9
	22,800	29,175	106	2,34
Total assets	319,449	212,314	70,312	74,71
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Stated capital	50,100	54,148	50,100	54,14
Revenue reserve	56,539	54,512	-	
Other components of equity	44,950	55,261	17,654	18,06
. ,	151,589	163,921	67,754	72,21
Non controlling interests	671	779	-	
Total equity	152,260	164,700	67,754	72,21
Non-current liabilities		40.000		
Interest bearing borrowings	121,649	18,282	-	
Deferred tax liabilities	4,122	4,340	-	
Employee benefit liability	1,036	1,217	-	
Other deferred liabilities	2	1,196	-	
Non-current financial liabilities	490	-	-	
	127,299	25,035	-	
Current liabilities				
Trade and other payables	7,545	4,338	74	8
Other current liabilities	1,757	3,652	-	
Amounts due to related parties	693	824	13	3
Income tax liabilities	671	954	80	17
Interest bearing borrowings	10,945	5,582	-	
Bank overdrafts	18,279	7,229	2,391	2,20
Dank Overdians		22 570	2,558	2,49
Dank Overtifalts	39,890	22,579	2,556	
Total equity and liabilities	39,890 319,449	212,314	70,312	74,71

DECADE AT A GLANCE - GROUP

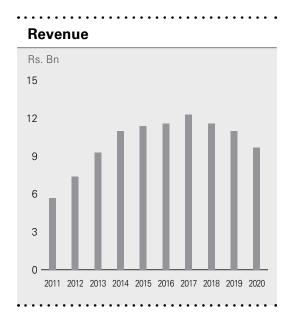
31 March In Rs. 000s	2020	2019	2018	
OPERATING RESULTS				
Revenue	9,711,741	11,032,715	11,614,376	
Cost of sales	(3,496,474)	(3,439,138)	(4,020,790)	
Gross profit	6,215,267	7,593,577	7,593,586	
Earnings before interest and tax	(653,853)	1,330,888	1,606,233	
Finance expenses	(653,104)	(251,103)	(255,519)	
Profit/(Loss) before tax				
	(1,306,957)	1,079,785	1,350,714	
Tax expense	105,565	(248,090)	(220,116)	
oss after tax for the year from discontinued operations	- (4.004.000)	-	1 100 500	
Profit/(Loss) for the year	(1,201,392)	831,695	1,130,598	
Attributable to:				
Equity holders of the parent	(1,200,568)	816,810	1,118,951	
Non-controlling interests	(824)	14,885	11,647	
	(1,201,392)	831,695	1,130,598	
ASSETS				
Non-current assets				
Property, plant and equipment (PPE)	26,692,178	17,563,154	14,083,594	
Right of use asset (ROU)	26,115,233	17,303,134	14,000,004	
Lease rentals paid in advance (LRPA)	20,110,233	- 11,449,766	- 10,587,355	
•	1 047700			
nvestment property (IP)	1,647,700	1,626,196	1,573,798	
ntangible assets (IA)	670,407	670,407	670,407	
Non-current assets other than PPE, ROU, LRPA, IP and IA	1,126,923	822,176	355,755	
	56,252,441	32,131,699	27,270,909	
Current assets				
Short term investments (STI) and cash in hand and at bank (C&B)	1,461,154	2,253,324	4,165,911	
Current assets other than STI and C&B	2,862,489	2,865,444	1,799,020	
	4,323,643	5,118,768	5,964,931	
Total assets	60,576,084	37,250,467	33,235,840	
EQUITY & LIABILITIES				
Equity attributable to equity holders of the parent				
Stated capital	9,500,247	9,500,247	9,500,247	
Other components of equity	10,721,124	9,564,193	7,633,178	
Revenue reserves	8,523,704	9,695,525	9,075,560	
10001140 10001100	28,745,075	28,759,965	26,208,985	
Non-controlling interests	127,318	136,602	144,503	
Total equity	28,872,393	28,896,567	26,353,488	
· ·	20,072,333	20,030,307	20,000,400	
Non-current liabilities				
Non-current liabilities other than borrowings	1,071,538	1,184,700	1,005,298	
Borrowings	23,067,666	3,207,504	2,764,218	
	24,139,204	4,392,204	3,769,516	
Current liabilities				
Current liabilities other than borrowings and overdraft	2,022,604	1,713,985	1,632,908	
Current portion of borrowings and bank overdraft	5,541,883	2,247,711	1,479,928	
	0,0 1,000	←1← T/1/ 11	1,1,0,020	
current portion or borrowings and bank overlatalt	7,564,487	3,961,696	3,112,836	

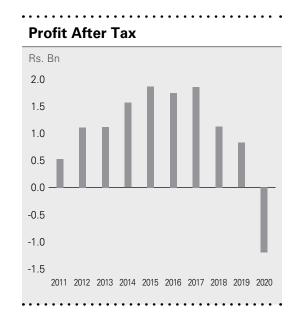
2011	2012	2013	2014	2015	2016	2017
5,691,186	7,388,158	9,341,581	10,966,381	11,444,150	11,631,973	12,311,664
(1,735,846)	(2,310,988)	(3,004,424)	(3,590,914)	(3,290,496)	(3,436,976)	(3,907,360)
3,955,340	5,077,170	6,337,157	7,375,467	8,153,654	8,194,997	8,404,304
1,104,756	1,640,782	1,819,992	2,427,116	2,455,788	2,217,246	2,463,916
(271,603)	(264,628)	(537,096)	(533,877)	(265, 101)	(182,025)	(227,788)
833,153	1,376,154	1,282,896	1,893,239	2,190,687	2,035,221	2,236,128
(80,423)	(265,354)	(161,877)	(318,313)	(322,923)	(286,422)	(372,620)
(226,747)	1 110 000	1 121 010	1 574 000	1 007704	1 740 700	1 000 500
525,983	1,110,800	1,121,019	1,574,926	1,867,764	1,748,799	1,863,508
523,944	1,105,271	1,116,779	1,565,846	1,853,724	1,734,543	1,846,130
2,039	5,529	4,240	9,080	14,040	14,256	17,378
525,983	1,110,800	1,121,019	1,574,926	1,867,764	1,748,799	1,863,508
6,585,581	9,918,258	13,471,801	13,152,921	13,560,033	14,272,874	14,354,695
	-	-	-	-	-	-
8,605,476	9,386,494	8,639,214	8,235,508	7,861,533	8,537,247	10,714,231
670,407	670,407	670,407	670,407	670,407	670,407	670,407
72,114	59,206	79,289	121,392	137,841	325,068	332,441
15,933,578	20,034,365	22,860,711	22,180,228	22,229,814	23,805,596	26,071,774
325,367	1,687,270	910,125	2,729,432	2,893,304	3,440,751	4,175,145
1,638,520	1,638,314	1,493,302	1,557,862	1,626,251	1,653,253	1,836,543
1,963,887	3,325,584	2,403,427	4,287,294	4,519,555	5,094,004	6,011,688
17,897,465	23,359,949	25,264,138	26,467,522	26,749,369	28,899,600	32,083,462
9,500,247	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247
761,197	1,791,313	3,628,684	3,886,925	4,637,612	6,106,444	6,749,432
1,379,022	2,482,461	3,165,257	4,708,642	6,189,643	7,278,122	8,531,777
11,640,466 63,689	13,774,021 67,725	16,294,188 92,623	18,095,814 100,442	20,327,502 118,187	22,884,813 132,952	24,781,456 139,392
11,704,155	13,841,746	16,386,811	18,196,256	20,445,689	23,017,765	24,920,848
11,704,133	13,041,740	10,000,011	10,130,230	20,443,003	23,017,703	24,320,040
163,347	193,329	297,181	390,375	465,709	555,364	570,741
2,615,273	5,809,814	5,571,060	4,245,400	2,900,658	1,852,851	1,083,408
2,778,620	6,003,143	5,868,241	4,635,775	3,366,367	2,408,215	1,654,149
803,074	1,496,896	1,463,010	1,520,160	1,524,144	1,600,718	1,422,477
2,611,616	2,018,164	1,546,076	2,115,331	1,413,169	1,872,902	4,085,988
3,414,690	3,515,060	3,009,086	3,635,491	2,937,313	3,473,620	5,508,465
17,897,465	23,359,949	25,264,138	26,467,522	26,749,369	28,899,600	32,083,462

DECADE AT A GLANCE - GROUP

31 March In Rs. 000s	2020	2019	2018	
CASH FLOWS		-		
Net cash flows from/(used in) operating activities	2,021,506	1,704,850	2,997,104	
Net cash flows from/(used) in investing activities	(11,016,763)	(3,791,262)	(567,660)	
Net cash flows from/(used in) financing activities	6,122,891	(380,813)	(333,603)	
Net Increase/(decrease) in cash and cash equivalents	(2,872,366)	(2,467,225)	2,095,841	
KEY INDICATORS				
Basic earnings per share (EPS) (Rs.)	(0.82)	0.56	0.77	
EPS growth (%)	(246.4)	(27.3)	(39.4)	
EBIT Margin (%)	(6.73)	12.06	13.83	
Dividend per share (Rs.)	-	0.15	0.40	
Dividend payout (%)	-	26.79	52.05	
Dividend yield (%)	-	2.00	4.30	
Interest cover (no. of times)	(1.0)	5.3	6.3	
Return on equity (%)	(4.2)	3.0	4.4	
Pre-tax ROCE (%)	(1.4)	4.1	5.3	
No. of shares in issue ('000)	1,456,147	1,456,147	1,456,147	
Net assets per share (Rs.)	19.74	19.75	18.00	
Debt/Equity (no. of times)	1.00	0.19	0.16	
Debt/Total assets (%)	47.23	14.64	12.77	
Market price of share as at 31 March (Rs.)	6.70	7.50	9.30	
Market capitalisation (Rs. '000)	9,756,183	10,921,101	13,542,165	
Price earnings ratio (no. of times)	(8.17)	13.39	12.08	
Assets turnover (no. of times)	0.16	0.30	0.35	
Current ratio (no. of times)	0.57	1.29	1.92	
USD closing rate	189.63	175.45	155.90	
USD average rate	179.42	168.58	153.56	

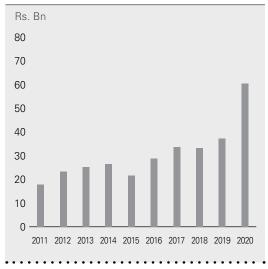
^{*} The figures are derived from financial statements prepared in accordance with SLFRS / LKAS. Figures for the remaining periods are derived from Financial Statements prepared in accordance with previous SLASs.



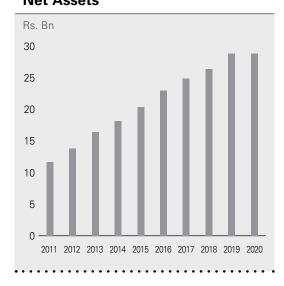


2017	2016	2015	2014	2013	2012	2011
3,231,801	3,615,758	3,542,296	3,229,473	2,640,675	2,481,857	494,403
(3,105,447)	(2,364,080)	(1,408,306)	(910,612)	(2,329,157)	(3,273,604)	(2,312,965)
(49,099)				(338,777)		
	(1,962,069)	(2,324,195)	(938,729)	. , ,	2,930,882	(1,870,223)
77,255	(710,391)	(190,205)	1,380,132	(27,259)	2,139,135	(3,688,785)
1.27	1.19	1.27	1.08	0.77	0.76	0.36
6.7	(6.3)	17.6	40.2	1.0	111.0	155.6
20.01	19.06	21.46	22.13	19.48	22.21	19.41
0.40	0.40	0.25	-	0.30		-
31.55	33.58	19.64	_	39.12	_	_
4.00	3.33	1.75	_	2.27	_	_
10.8	12.2	9.3	4.5	3.4	6.2	4.1
7.8	8.0	9.7	9.2	7.5	8.7	4.6
8.7	8.7	10.0	10.1	8.1	8.5	6.6
1,456,147	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147
17.02	15.72	13.96	12.43	11.19	9.46	7.99
0.21	0.16	0.21	0.35	0.44	0.57	0.45
16.11	12.89	16.13	24.03	28.17	33.51	29.20
10.00	12.00	14.30	12.50	13.20	12.60	17.20
14,561,468	17,473,761	20,822,899	18,201,835	19,221,137	18,347,449	25,045,725
7.87						
	10.08	11.26	11.62	17.21	16.60	47.80
0.38	0.40	0.43	0.41	0.37	0.32	0.32
1.09	1.47	1.54	1.18	0.80	0.95	0.58
151.90	147.65	133.45	130.70	126.75	128.10	110.40
147.98	139.18	131.24	130.09	139.91	112.56	112.13





Net Assets



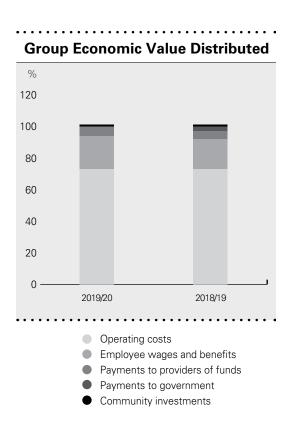
GROUP REAL ESTATE PORTFOLIO

Owning Company and location		Bui	ldings			Land in	acres		Net boo	ok value
	Numb	ers	Squar	e Feet	Freehold	oroperty	Leasehold	property	Rs.'000	Rs.'000
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
PROPERTIES - SRI LANKA										
Beruwala Holiday Resorts (Pvt) Ltd										
Cinnamon Bey Beruwala	5	5	460,515	460,515	11.39	11.39	-	-	3,907,747	3,869,775
Ceylon Holiday Resorts Ltd										
Cinnamon Bentota Beach	9	8	334,457	309,479	2.32	2.32	11.02	11.02	2,617,270	204,540
Hikkaduwa Holiday Resorts (Pvt) Ltd										
Hikka Tranz by Cinnamon	5	5	233,965	233,965	0.29	0.29	4.36	4.36	1,246,518	1,172,303
Habarana Lodge Ltd										
Cinnamon Lodge Habarana	79	79	202,999	202,999	-	-	25.48	25.48	731,087	768,995
Habarana Walk Inn Ltd										
Habarana Village by Cinnamon	84	84	121,767	121,767			9.34	9.34	323,445	361,548
Kandy Walk Inn Ltd										
Cinnamon Citadel Kandy	6	6	173,900	173,900	6.57	6.57	-	-	1,620,820	1,671,011
Resort Hotels Ltd										
Nilaveli	1	1	4,485	4,485	41.73	41.73	_	-	900,600	892,180
Trinco Holiday Resorts (Pvt) Ltd										
Trinco Blu by Cinnamon	9	9	120,910	120,910	13.24	13.24	-	-	1,073,322	1,017,957
Trinco Walk Inn Ltd										
Trincomalee	_	-	-	-	14.64	14.64	-	_	369,200	356,116
Wirawila Walk Inn Ltd									· · ·	
Wirawila	-	-	_	-	25.15	25.15	-	-	88,132	88,135
Yala Village (Pvt) Ltd									,	
Cinnamon Wild Yala	76	76	113,509	113,509	_	_	11.25	11.25	487,403	487,171
		,,,		,,,,,,,,,			1.1.20	11.20	107/400	107,171
Ahungalla Holiday Resorts (Pvt) Ltd Ahungalla	_	_	=	=	6.51	6.51	_	_	289,900	289,900
					0.01	0.01			200,000	200,000
Nuwara Eliya Holiday Resorts (Pvt) Ltd Nuwara Eliya					2.66	2.66			276,900	272,640
TYGYYGIG LIIYG					2.00	2.00	-		210,300	212,040
PROPERTIES - MALDIVES										
Tranquility (Pte) Ltd	140	1 / /	261 227	046 770			1710	1710	12 020 020	10.750.616
Cinnamon Dhonveli Maldives Cinnamon Velifushi Maldives	146 121	144	261,327 177,092	246,770	-	-	17.16 13.22	17.16	12,038,628 6,667,102	10,750,618
	141		. / //002				10.22	·	0,007,102	
Travel Club (Pte) Ltd Ellaidhoo Maldives by Cinnamon	115	114	178,294	171,777	_		13.80	13.80	4,322,248	2,238,761
· · · · · · · · · · · · · · · · · · ·	110	114	170,234	1/1,///	-		13.00	13.00	4,344,440	2,230,701
Fantasea World Investments (Pte) Ltd	100	10	000 700	00 000			10.00	10.00	0.540.000	1 001 000
Cinnamon Hakuraa Huraa Maldives Total	163 819	12	236,730 2,619,950	98,026	124.50	125.19	18.90 124.53	18.90	2,542,269	1,081,068
IOLAI	019	543	2,013,350	۷,۷۵0,۱۵۷	124.50	120.19	124.53	111.31	39,502,591	25,470,119

CONSOLIDATED VALUE ADDED STATEMENT

For the Year Ended 31 March	Sri L	anka	Malo	dives	Gr	oup
In Rs. '000s	2020	2019	2020	2019	2020	2019
Direct economic value generated						
Revenue	4,289,334	5,684,219	5,422,407	5,348,496	9,711,741	11,032,715
Finance income	88,820	182,615	4	7,647	88,824	190,262
Change in fair value of investment property	21,504	52,398	-	-	21,504	52,398
Share of results of equity accounted investees	282	1,169	-	-	282	1,169
Proceeds from sale of property, plant and						
equipment	12,335	57,707	3,912	32,762	16,247	90,469
	4,412,275	5,978,108	5,426,323	5,388,905	9,838,598	11,367,013
Economic value distributed						
Operating costs	3,424,137	3,864,510	4,755,588	4,016,241	8,179,725	7,880,751
Employee wages and benefits	1,155,903	1,094,543	1,169,057	988,064	2,324,960	2,082,607
Payments to providers of funds	170,050	312,037	483,054	157,488	653,104	469,525
Payments to government						
Sri Lanka	67,629	291,718	-	-	67,629	291,718
Maldives	-	-	28,125	85,665	28,125	85,665
Community investments	5,375	10,604	1,489	-	6,864	10,604
	4,823,094	5,573,412	6,437,313	5,247,458	11,260,407	10,820,870
Economic value retained	(410,819)	404,696	(1,010,990)	141,447	(1,421,809)	546,143

Above data has been derived from the audited Financial Statements that were prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS).



GLOSSARY OF FINANCIAL TERMS



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.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

ASSETTURNOVER

Revenue divided by average total assets.



CAPITAL EMPLOYED

Shareholders' funds plus non-controlling interest and debt.

CASH EQUIVALENTS

Short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CONTINGENT LIABILITIES

A condition or situation existing as at the date of the report due to past events, where the financial effect is not recognised because:

- The obligation is crystallised by the occurrence or nonoccurrence of one or more future events or,
- 2. A probable outflow of economic resources is not expected or,
- 3. It is unable to be measured with sufficient reliability

CURRENT RATIO

Current assets divided by current liabilities.

CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of the entity, the supervision of executive actions and accountability to owners and others.



DEBT/EQUITY RATIO

Debt as a percentage of shareholders' funds and non-controlling interest.

DEFERRED TAX

Sum set aside in the Financial Statements for taxation that may become payable/recoverable in a financial year other than the current financial year (future periods).

DIVIDEND PAYOUT RATIO

Dividend paid as a percentage of Company profits, adjusted for non-cash gains items.

DIVIDEND YIELD

Dividends adjusted for changes in number of shares in issue as a percentage of the share price (diluted) at the end of the period.



EARNINGS PER SHARE (EPS)

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

EBIT

Earnings before interest and tax (includes other operating income).

EBIT MARGIN

EBIT divided by turnover inclusive of share of associate company turnover.

EBITDA

Earnings before interest, tax, depreciation and amortisation.

EFFECTIVE TAX RATE

Tax expense divided by profit before tax.

EPS GROWTH

Percentage of the increase in the EPS over the previous year.

EQUITY METHOD

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investors' share of net assets of the investee. The income statement of the investor includes the investor's share of the profit or loss of the investee.

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John Keells Hotels PLC Annual Report 2019/20



FAIR VALUE

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.

FINANCE LEASE

A contract whereby a lessor conveys to the lessee the right to use an asset over an agreed period of time. The lessor transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee. Title may or may not be eventually transferred.



GROUP

A group is a parent and all its subsidiaries.

GUARANTEES

Tri-party agreement involving a promise by one party (the guarantor) to fulfil the obligations of a person owing a debt if that person fails to perform.



IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

INTANGIBLE ASSET

An intangible asset is an identifiable non-monetary asset without a physical substance.

INTEREST COVER

Consolidated profit before interest and tax over finance expenses.



KEY MANAGEMENT PERSONNEL

Key management personnel 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.



MATERIALITY

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

MARKET VALUE PER SHARE

The price at which an ordinary share can be purchased in the stock market.

MARKET CAPITALISATION

Number of shares in issue at the end of the period multiplied by the market price at the end of the period.



NET ASSETS

Total assets minus current liabilities, long term liabilities and non-controlling interests.

NET ASSETS PER SHARE

Net assets as at a particular financial year end divided by the number of shares in issue as at the current financial year end.

NET DEBT (CASH)

Total debt minus (cash plus short term deposits).

NON-CONTROLLING INTEREST

Part of net results of operations and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly through subsidiaries, by the Parent Company.



OPERATIONAL RISK

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.



PRE-TAX RETURN ON CAPITAL EMPLOYED

Consolidated profit before interest and tax as a percentage of average capital employed at year end.

PRICE EARNINGS RATIO

Market price per share (diluted) over diluted earnings per share.

PRUDENCE

Inclusion of a degree of caution in the exercise of judgement needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

PUBLIC HOLDING

Percentage of shares held by the public, calculated as per the Colombo Stock Exchange Listing Rules, as at the date of the Report.

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Annual Report 2019/20 John Keells Hotels PLC

GLOSSARY OF FINANCIAL TERMS



QUICK RATIO

Cash plus short term investments plus receivables, divided by current liabilities.



RELATED PARTIES

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

RETURN ON ASSETS

Profit after tax divided by the average total assets.

RETURN ON EQUITY (ROE)

Profit attributable to shareholders as a percentage of average shareholders' funds.



SEGMENT

Constituent business units grouped in terms of similarity in operations and locations.

SUBSTANCE OVER FORM

The consideration that the accounting treatment and the presentation in Financial Statements of transactions and events should be governed by their substance and financial reality and not merely by legal form.

SHAREHOLDERS' FUNDS

Total of stated capital, other components of equity and revenue reserves.



TOTAL DEBT

Long term loans plus short term loans and overdrafts.

TOTAL EQUITY

Shareholders' funds plus non-controlling interest.

GROUP DIRECTORY

SRI LANKA

CEYLON HOLIDAY RESORTS LIMITED

(PB 40) - 99.39% **Owner of Cinnamon Bentota Beach**

Incorporated in - 1966

Company operating address - Cinnamon Bentota Beach, Galle

Road, Bentota

Registered office address - No.117, Sir Chittampalam A

Gardiner Mawatha, Colombo 2

Stated Capital - Rs. 2,845.4 Mn Contact No. - 034-2275176/7 Directors - Mr. J R Gunaratne

> Mr. K C Subasinghe Mr. M H Singhawansa

HABARANA LODGE LIMITED

(PB 38) - 98 35%

Owner of Cinnamon Lodge Habarana

- 2007 Incorporated in

Company operating address - Cinnamon Lodge Habarana,

P.O Box 02, Habarana

Registered office address - No. 117, Sir Chittampalam A

Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 341.5 Mn Contact No. - 066-2270011/2

- Mr. J R Gunaratne Directors

Mr. K C Subasinghe Mr. M H Singhawansa

HABARANA WALK INN LIMITED

(PB 33) - 98.77%

Owner of Habarana Village by Cinnamon

Incorporated in

Company operating address - Habarana Village by Cinnamon

PO Box 01, Habarana

Registered office address - No. 117, Sir Chittampalam A

Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 126.3 Mn Contact No. - 066-2270046 Directors

- Mr. J R Gunaratne Mr. K C Subasinghe

Mr. M H Singhawansa

INTERNATIONAL TOURISTS AND HOTELIERS LIMITED

(PB 17) - 99.33%

Incorporated in - 1973

- No.117, Sir Chittampalam A Registered office address

Gardiner Mawatha, Colombo 2

Stated Capital - Rs. 1,939.7 Mn - 0112306000 Contact No.

Directors - Mr. J R Gunaratne

> Mr. K C Subasinghe Mr. M H Singhawansa

KANDY WALK INN LIMITED

(No. PB 395) - 98.39%

Owner of Cinnamon Citadel Kandy

- 1979 Incorporated in

Company operating address - Cinnamon Citadel Kandy,

124, Srimath Kuda Ratwatte

Mawatha, Kandy

Registered office address - No. 117, Sir Chittampala A

Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 115.2 Mn Contact No. - 0812234365/6 - Mr. J R Gunaratne

> Mr. K C Subasinghe Mr. M H Singhawansa

RAJAWELLA HOTELS COMPANY LIMITED

(PB 92) - 100% Incorporated in - 1992

Directors

Registered office address - No. 117, Sir Chittampalam A

Gardiner Mawatha, Colombo 02

- Rs. 35.7 Mn Stated Capital Contact No. - 0112306000

Directors - Mr. J R Gunaratne

> Mr. K C Subasinghe Mr. M H Singhawansa

TRINCO WALK INN LIMITED

(PB168) - 100%

Owner of real estate in Trincomalee

Incorporated in

Registered office address - No. 117, Sir Chittampalam A

Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 119.8 Mn - 0112306000 Contact No.

- Mr. J R Gunaratne Directors

Mr. K C Subasinghe Mr. M H Singhawansa Distinctive
Annual Report 2019/20 John Keells Hotels PLC

GROUP DIRECTORY

RESORT HOTELS LIMITED

(PB 193) - 99.39%

Owner of real estate in Nilaveli

Incorporated in - 2008

Registered office address - No.117, Sir Chittampalam A

Gardiner Mawatha, Colombo 2

Stated Capital - Rs. 8.8 Mn
Contact No. - 0112306000

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. M H Singhawansa

WIRAWILA WALK INN LIMITED

(PB 89) - 100%

Owner of real estate in Wirawila

Incorporated in - 1994

Registered office address - No.117, Sir Chittampalam A

Gardiner Mawatha, Colombo 2

Stated Capital - Rs. 20.7 Mn
Contact No. - 0112306000

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. M H Singhawansa

YALA VILLAGE (PRIVATE) LIMITED

(PV 2868) - 93.78%

Owner of Cinnamon Wild Yala

Incorporated in - 1999

Company operating address - Cinnamon Wild Yala, P.O Box 01,

Kirinda, Tissamaharama

Registered office address - No.117, Sir Chittampalam A

Gardiner Mawatha, Colombo 2

Stated Capital - Rs. 319.4 Mn

Contact No. - 047- 2239449/52

Directors - Mr. M A Perera - Chairman

Mr. K N J Balendra - Deputy

Chairman Mr. J R Gunaratne Mr. J A Davis

Mr. M H Singhawansa

BERUWALA HOLIDAY RESORTS (PRIVATE) LIMITED

(PV 69678) - 99.33%

Owner of Cinnamon Bey Beruwala

Incorporated in - 2009

Company operating address - Cinnamon Bey Beruwala

Moragolla, Beruwala

Registered office address - No.117, Sir Chittampalam A

Gardiner Mawatha, Colombo 2

 Stated Capital
 - Rs. 2,338.1 Mn

 Contact No.
 - 034-2297000

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. M H Singhawansa

TRINCO HOLIDAY RESORTS (PRIVATE) LIMITED

(PV 69908) - 100%

Owner of Trinco Blu by Cinnamon

Incorporated in - 2009

Company operating address - Trinco Blu by Cinnamon

Sambativu, Uppuvelli,

Trincomalee

Registered office address - No. 117, Sir Chittampalam A

Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 357 Mn
Contact No. - 026-2222307

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. M H Singhawansa

HIKKADUWA HOLIDAY RESORTS (PRIVATE) LIMITED

(PV 71747) - 99.39%

Owner of Hikka Tranz by Cinnamon

Incorporated in - 2010

Company operating address - Hikka Tranz by Cinnamon,

No.01, Galle Road, Hikkaduwa

Registered office address - No.117, Sir Chittampalam A

Gardiner Mawatha, Colombo 2

 Stated Capital
 - Rs. 1,062.6 Mn

 Contact No.
 - 091-2277023

 Directors
 - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. M H Singhawansa

AHUNGALLA HOLIDAY RESORTS (PRIVATE) LIMITED

(PV 85046) - 100%

Owner of real estate in Ahungalla
Incorporated in - 2012

Registered office address - No. 117, Sir Chittampalam A

Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 134.2 Mn
Contact No. - 0112306000

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. M H Singhawansa

NUWARA ELIYA HOLIDAY RESORTS (PRIVATE) LIMITED

(PV98357) - 100%

Owner of real estate in Nuwara Eliya

Incorporated in - 2014

Registered office address - No. 117, Sir Chittampalam A

Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 325 Mn Contact No. - 0112306000

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. M H Singhawansa

CINNAMON HOLIDAYS (PRIVATE) LIMITED

(PV107427) - 100%

Inbound and Outbound Tour Operators

Incorporated in - 2015

Registered office address - No. 117, Sir Chittampalam A

Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 0.2 Mn
Contact No. - 0112306000

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. M H Singhawansa

SENTINEL REALTY (PRIVATE) LIMITED

(PV80706) - 50%

Owner of real estate in Vaakarai and Kallarawa

Incorporated in - 2011

Registered office address - No. 117, Sir Chittampalam A

Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 137 Mn
Contact No. - 0112306000

Directors - Mr. B A B Goonetilleke

Mr. J R Gunaratne Mr. K Balasundaram Mr. S Rajendra

INDRA HOTELS & RESORTS KANDY (PRIVATE) LIMITED

(PV124247) - 40%

Owner of Cinnamon Red Kandy (under construction)

Incorporated in - 2017

Registered office address - No. 273, Katugastota Road,

Kandy

Stated Capital - Rs. 1,413.4 Mn

Contact No. - 081 2234346

Directors - Mr. Y S H I K Silva

Mr. Y S H R S Silva

Mr. Y S H H K Silva Mr. J R Gunaratne Mr. K C Subasinghe

MALDIVES

JOHN KEELLS MALDIVIAN RESORTS (PTE) LIMITED

(C-208/96) - 100% Incorporated in - 1996

Registered office address - 2nd Floor, H.Maizan Building,

Sosun Magu, Male, Republic of

Maldives

Stated Capital - US\$38.9 Mn
Contact No. - +9603336000

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. J E P Kehelpannala Mr. M H Singhawansa

TRAVEL CLUB (PTE) LIMITED

(C-121/92) - 100%

Owner of Ellaidhoo Maldives by Cinnamon

Incorporated in - 1992

Company operating address - Ellaidhoo Maldives by Cinnamon

North Ari Atoll, Republic of

Maldives

Registered office address - 2nd Floor, H.Maizan Building,

Sosun Magu, Male, Republic of

Maldives

 Stated Capital
 - US\$2.5 Mn

 Contact No.
 - +9603336000

Directors - Mr. J R Gunaratne Mr. K C Subasinghe

Mr. J E P Kehelpannala Mr. M H Singhawansa

FANTASEA WORLD INVESTMENTS (PTE) LIMITED

(C-143/97) - 100%

Owner of Cinnamon Hakuraa Huraa Maldives

Incorporated in - 1997

Company operating address - Cinnamon Hakuraa Huraa

Maldives,

Meemu Atoll, Republic of

Maldives

Registered office address - 2nd Floor, H.Maizan Building,

Sosun Magu, Male, Republic of

Maldives

Stated Capital - US\$5 Mn

Contact No. - +9603336000

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. J E P Kehelpannala Mr. M H Singhawansa

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GROUP DIRECTORY

TRANQUILITY (PTE) LIMITED

(C344/2004) - 100%

Owner of Cinnamon Dhonveli Maldives and Cinnamon Velifushi Maldives

Incorporated in - 2004

Company operating

addresses - Cinnamon Dhonveli Maldives,

North Male' Atoll, Republic of

Maldives,

Cinnamon Velifushi Maldives, Vaavu Atoll, Republic of Maldives

Registered office address - 2nd Floor, H.Maizan Building,

Sosun Magu, Male, Republic of

Maldives

Stated Capital - US\$5 Mn
Contact No. - +9603336000

Directors - Mr. J R Gunaratne

Mr. K C Subasinghe Mr. J E P Kehelpannala Mr. M H Singhawansa

CORPORATE INFORMATION

NAME OF COMPANY

John Keells Hotels PLC

LEGAL FORM

Public Limited Liability Company Incorporated in Sri Lanka on

STOCK EXCHANGE LISTING

The issued shares of John Keells Hotels PLC are listed on the Colombo Stock Exchange

COMPANY REGISTRATION NO.

PQ8

DIRECTORS

K N J Balendra – Chairman

J G A Cooray

J R Gunaratne

J E P Kehelpannala

M H Singhawansa

T L F W Jayasekara

A K Moonesinghe (Ms.)

N B Weerasekera (resigned w.e.f. 31 October 2019)

K A Gunasekera (Dr.) (appointed w.e.f. 06 November 2019)

SECRETARIES AND REGISTRARS

Keells Consultants (Pvt) Ltd 117, Sir Chittampalam A. Gardiner Mawatha Colombo 2

AUDITORS

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

BANKERS

Bank of Ceylon Citi Bank N.A

Deutsche Bank A.G

Hongkong and Shanghai Banking Corporation

Nations Trust Bank

Hatton National Bank

Habib Bank

DFCC Bank

People's Bank

Commercial Bank of Ceylon

Sampath Bank

HEAD OFFICE & REGISTERED OFFICE OF THE COMPANY

117, Sir Chittampalam A. Gardiner Mawatha,

Colombo 2

Telephone: (94-11) 2421101-15, (94-11) 2306000

Facsimile : (94-11) 2439046 E-mail : htlres@keells.com Web : www.cinnamonhotels.com

HOTEL RESERVATIONS

Cinnamon Hotel Management Ltd

Iceland Business Center

Level 1, No.30,

R. A. De Mel Mawatha,

Colombo 03

Telephone : (94-11) 2161161 Facsimile : (94-11) 2320862 E-mail : htlres@keells.com

Web: www.cinnamonhotels.com

