

a matter of **ENDURANCE**

Perspective really does shape mindsets and having surpassed yet another challenging year we sought this wisdom in shaping our outlook for the years ahead. Our plan of strengthening and conditioning ourselves in preparation for future opportunities has been linked with our thoughts of endurance and optimism. Our view also remains unshaken in the aspects of quality and impeccable service, creating unbelievable experiences for our guests and maintaining the world class hospitality for which we are known. Our points of view have been integral in this period of uncertainty in cementing our values and carrying on our brand into the future.

Contents

OVERVIEW

About Us	3
Performance Highlights	4
Operational Highlights	5

STEWARDSHIP

Chairman's Message	6
Board of Directors	10
Corporate Governance	12
Report of the Human Resources and Compensation Committee	41
Nominations Committee Report	42
Related Party Transactions Review Committee Report	43
Risk Management	44

MANAGEMENT REPORTS

Management Discussion & Analysis	50
Financial Performance	53
Operational Review	55

SHAREHOLDER DISCLOSURE

Share Information and Shareholding	58
------------------------------------	----

FINANCIAL REPORTS

Annual Report of the Board of Directors	64
Statement of Directors' Responsibility	70
Audit Committee Report	71
Independent Auditor's Report	74
Statement of Profit or Loss and Other Comprehensive Income	78
Statement of Financial Position	79
Statement of Changes in Equity	80
Statement of Cash Flows	81
Index to the Notes	82
Notes to the Financial Statements	83

SUPPLEMENTARY REPORTS

Quarterly Financial Data for the Financial Year Ended 31st March 2022	120
Five Year Financial Summary & Key Indicators	121
Glossary of Financial Terms	123
Corporate Information	Inner Back Cover

About Us

Cinnamon Lakeside is one of Sri Lanka's foremost 5-star, city hotels and a unique urban resort in the heart of the bustling city of Colombo. Renowned for its world-class service standards and award-winning specialty restaurants, the Hotel caters to both leisure and business travellers. Located adjacent to the tranquil waters of the Beira Lake, the Hotel offers a unique blend of serenity and luxury within Sri Lanka's commercial hub. Cinnamon Lakeside has always operated with a passion for excellence, leveraging its deep industry insights, competences and capabilities to remain agile and resilient in the face of global and local headwinds impacting the tourism industry.

Incorporated as a public limited company in 1981, the Hotel is owned and operated by John Keells Holdings Group- one of Sri Lanka's most diversified and respected conglomerates. It is part of the John Keells Group's Cinnamon Hotels & Resorts chain- Sri Lanka's premier hospitality provider which has played a key role in driving Sri Lanka's Hotel sector forward through world-class standards, innovation and authentic experiences.

Awards

Hotel

- Trip Advisor Travelers' Choice Award- 2021
- Booking.com Travelers' Review Award-2021
- Luxury Hotels Guide- Listed As A Top 10 Luxury Hotel 2021

Hotel Chain

- Brand Finance Lanka's Most Valuable Hospitality Brand in Sri Lanka 2021
- LMD's Most Awarded Hall Of Fame Top 50
- LMD's Best Of The Best- Hospitality Sector



Amenities

- Pool Overlooking the Beira Lake
- Luxury Spa
- Tennis and Squash Courts
- State of the Art Gymnasium
- High Speed Wi-Fi
- 8 Award Winning, Bars and Restaurants
- Ample Parking



Trans Asia Hotels PLC

Accommodation

346 5 Star Rooms

20 Suites

29 Executive Rooms

106 Premium Rooms

191 Superior Rooms



Restaurants & Bars

- **Dining Room** - All Day Dining Restaurant with a Global Culinary Experience
- **Royal Thai** - Authentic Thai Restaurant with a Certificate of Authenticity from the Thai Embassy and Very Popular Amongst Locals for its Great Food and Atmosphere
- **Long Feng** - A La Carte Chinese Cuisine and Dim Sum Restaurant
- **Library** - Exclusive, Members only Upscale Bar
- **ColomBar** - Specialty Bar & Restaurant with a Wide Variety of Local Brews and Arracks and Exotic Local Cuisine
- **Goodies** - Popular Café with a Wide Variety of Savoury and Sweet Items
- **Pool Bar** - Exclusive Pool Bar
- **Lobby Lounge** - High Tea Lounge and Sushi Bar



Performance Highlights

		2022	2021	2020	2019	2018
Key Financial Ratios-Statement of Profit or Loss and Other Comprehensive Income						
Net revenue	Rs.000's	1,817,224	810,968	2,328,597	2,825,425	3,198,851
Gross profit margin	%	41	18	51	59	58
EBIT (Earnings Before Interest and Tax)	Rs.000's	127,111	(921,809)	329,587	582,185	1,015,971
EBIT	%	7%	(114)	14	21	32
Profit/(Loss) after tax	Rs.000's	4,100	(818,746)	275,220	471,424	883,189
EPS/LPS (Earnings/(Loss) Per Share)	Rs.	0.02	(4.09)	1.38	2.36	4.42
ROE (Return on Equity)	%	0	(13)	4	7	14
ROCE (Return on Capital Employed)	%	2	(14)	5	9	15
Interest cover	Times	1	(38)	13	10	39
Key Financial Ratios-Statement of Financial Position						
Total assets	Rs.000's	7,555,345	7,172,289	7,886,933	7,813,703	7,677,470
Net assets	Rs.000's	5,889,582	5,844,147	6,628,072	6,444,171	6,183,120
Interest bearing loans	Rs.000's	236,546	217,527	186,573	165,479	292,312
Debt/equity ratio	Times	0.04	0.08	0.04	0.04	0.05
Equity asset ratio	%	78	81	84	82	81
Net assets per share	Rs.	29.45	29.22	33.14	32.22	30.92
Current ratio	Times	0.39	0.26	1.01	0.92	0.81
Quick asset ratio	Times	0.34	0.22	0.96	0.87	0.76
No. of shares in issue	000's	200,000	200,000	200,000	200,000	200,000
Market/Shareholder information						
Market value per share	Rs.	48.2	55.9	56.3	76.4	95.0
Market capitalisation	Rs.000's	9,640,000	11,180,000	11,260,000	15,280,000	19,000,000
Dividend per share	Rs.	-	-	0.50	1.00	3.50
Price earnings ratio	Times	-	(14)	41	32	22
Dividend cover	Times	-	-	2.75	2.36	1.26
Dividend yield	%	-	-	0.9%	1.3%	3.7%
Dividend payout ratio	%	-	-	36%	42%	79%
Key operational ratios						
Occupancy	%	24	2	42	49	63
RevPAR	Rs.	3,425	301	6,503	10,559	12,170
Average room rate	Rs.	14,049	12,281	15,457	21,607	19,339
Economic performance						
Value generated by the Company	Rs.000's	866,536	734,821	1,388,201	1,887,310	2,263,000
Value distributed to:						
Employees as wages and benefits	Rs.000's	553,843	501,067	669,731	673,721	657,784
Payment to government	Rs.000's	19,659	22,338	216,339	477,354	487,000
Community investments	Rs.000's	389	19	518	3,131	1,728
Providers of funds	Rs.000's	122,173	24,210	125,555	257,864	726,000
Value retained within the business	Rs.000's	170,472	187,187	376,058	475,240	390,000

Operational Highlights



OPERATIONAL PERFORMANCE

ROOM OCCUPANCY

30,790 ROOM NIGHTS
(2020/21: 3,099)

REVENUE FROM ROOMS

RS. 433 MN.
(2020/21: 38 MN)

REVENUE FROM FOOD AND BEVERAGE

RS. 1,157 MN.
(2020/21: 589 MN)



OUR TEAM

OUR TEAM

531 EMPLOYEES
(2020/21: 524)

TRAINING & DEVELOPMENT HOURS

46.76 ANNUAL TRAINING
HOURS PER EMPLOYEE
(2020/21: 26.96)

PAYMENTS TO EMPLOYEES

RS. 553 MN.
(2020/21: 501 MN)



HEALTH & SAFETY CERTIFICATIONS

OCCUPATIONAL HEALTH & SAFETY

ISO 45001:2018
ISO 14001:2015

SAFE & SECURE CERTIFICATION

2021: AWARDED BY THE SRI
LANKA TOURISM DEVELOPMENT
AUTHORITY

FOOD SAFETY MANAGEMENT

RECERTIFICATION OF
ISO 22000:2018



COMMITMENT TO THE ENVIRONMENT

ENERGY CONSUMPTION

23% REDUCTION PER GUEST
NIGHT Y-O-Y

2021/22: 0.15GJ

2020/21: 0.20GJ

SOLAR POWER GENERATED

2021/22: 47,207kWh

2020/21: 51,268kWh

WATER CONSUMPTION PER GUEST NIGHT

10% REDUCTION PER
GUEST NIGHT Y-O-Y

2021/22: 558L

2020/21: 623L

CARBON FOOTPRINT

26% REDUCTION PER GUEST
NIGHT Y-O-Y

2021/22: 22.3KG

2020/21: 30.3KG

WASTE RECYCLED

2021/22: 100%

2020/21: 82%

TOTAL WASTE GENERATED PER GUEST NIGHT

33% REDUCTION PER
GUEST NIGHT Y-O-Y

2021/22: 0.71KG

2020/21: 1.05KG

Chairman's Message

Our commercial priorities during the year focused on strengthening revenue management, refining our brand propositions, enhancing our brand visibility and improving our distribution channels to effectively respond to the evolving demand and supply dynamics of the post pandemic travel and tourism industry

Dear Shareholders,

I am pleased to present to you, on behalf of the Board, the highlights of the Annual Report and Audited Financials of Trans Asia Hotels PLC for the year ended 31st March 2022. Despite the year under review being one of unprecedented challenges, the Company realigned and reinvented itself to maintain its position as one of Sri Lanka's foremost hotels. Sri Lanka's tourism industry has continued to grapple with extraordinary challenges since the April 2019 Easter Sunday terrorist attacks, followed by the outbreak of the COVID-19 pandemic in March 2020. Amidst the uncertainty and dynamics with circumstances, the Company remained steadfast in its determination to capture emerging opportunities by being agile and adapting its' operating model to respond swiftly to evolving dynamics. As testament to these efforts, the Company generated a profit after tax of Rs. 4.1 Mn during the year, compared to a loss of Rs. 819 Mn previous year, a commendable turnaround given the tough operating conditions that prevailed for most part of the year.

OPERATING ENVIRONMENT

Global

Rising rates of vaccination, combined with easing of travel restrictions due to increased cross-border coordination and protocols, helped release pent up demand, resulting in tourist arrivals in CY2021 recording a moderate upturn of 4% compared to CY2020, the worst year on record for tourism. International tourist arrivals however were still 72% below pre-pandemic levels. The pace of recovery remains slow and uneven across regions due to varying degrees of mobility restrictions, vaccination penetration and traveller confidence. Europe and the Americas recorded the strongest recovery in CY2021 compared to CY2020 while in Asia and the Pacific arrivals were still 65% below CY2020 levels and 94% when compared to pre-pandemic values as many destinations remained closed to non-essential travel. On the positive side, Global tourism started CY2022 on a strong note with January 2022 recording a much better performance compared to the weak start seen in CY2021.

Sri Lanka

As Sri Lanka reopened its borders to international tourists on 21st January 2021, arrivals during the first quarter of CY2021 remained subdued, reflecting the lower demand globally for international travel. The surge in COVID-19 positive cases from late April 2021 and resultant border and mobility restrictions imposed by the Government in May 2021 continued to dampen arrivals in the second quarter as well. In August 2021, the country re-opened its borders for fully vaccinated travellers and removed mandatory on-arrival PCR tests with effect from September 2021. The easing of restrictions for vaccinated travellers together with increased vaccination rates globally resulted in a resurgence in tourist arrivals commencing September 2021, with the country welcoming a total of 106,500

tourists in March 2022, the highest number of arrivals achieved since the COVID-19 outbreak in March 2020. Whilst the emergence of the new COVID-19 variant resulted in a slight decline in arrivals in January 2022, this trend reversed in February and March 2022.

FINANCIAL PERFORMANCE

The Company delivered a commendable financial performance, given the extremely challenging operating landscape that prevailed during the year.

Revenue reported during the financial year was Rs. 1.8 Bn an increase of 124% from last year. The F&B operations performed exceedingly well during this period, reflecting our efforts to leverage on this offering and diversify our revenue streams. During the first half of the financial year, the hotel occupancy levels were supported by domestic customers as well as a number of International Cricket Teams that came into the Country under the bubble concept. By November 2021, occupancy levels showed a steady increase with the improved performance continuing during the last quarter of the financial year 2021/22.

We have continued our efforts to closely monitor and manage our cash flow by curtailing discretionary expenses and deferring non-essential capital expenditure. At the same time, steps were taken to improve operational efficiencies and refocus resources to optimise working capital, resulting in a reduction of administrative expenses by 37% to Rs. 554 Mn for the year under review.

The Company recorded a pre-tax profit of Rs. 4.9 Mn during the financial year which was a 101% improvement compared to the pre-tax loss of Rs. 946Mn during the previous financial year. The balance sheet remains strong with total assets of Rs. 7.5 Bn and total liabilities of Rs. 1.6 Bn.

COMMERCIAL PRIORITIES – GROWTH

Our commercial priorities during the year focused on strengthening revenue management, refining our brand propositions, enhancing our brand visibility and improving our distribution channels to effectively respond to the evolving demand and supply dynamics of the post pandemic travel and tourism industry. The Group's revenue management function was strengthened with a dedicated team with international expertise and exposure, supported by digital initiatives including a new Revenue Management System, an upgraded property Management System and several data analytics tools and competitor intelligence tools. Brand visibility was further enhanced through upgrades to our website and innovative content creation. Distribution channels were strengthened through dynamic contracting with leading bed banks in key markets such as Middle East, India, CIS, and Europe and by closely monitoring rate parity across the channels. We will continue to diversify into emerging source markets and strengthen our presence in existing key markets through a global sales structure that includes a global call center, B2B booking platform and Central Contact point for MICE related sales.

The Hotel's results during the year was driven primarily by the excellent performance of the F&B and banquet segments, with increased customer footfall to our restaurants and continued growth in our delivery platform, 'Flavours' by Cinnamon. With the onset of COVID-19 and the subsequent challenges, the Company adapted its operating model to successfully leverage its acclaimed F&B proposition to drive increased diversification of revenue. The Company re-strategised operations by taking steps to enhance the competitive aspects of each of the restaurants and this proved to be very successful specially among the domestic customers. The banquet segment picked up traction as local COVID-19 restrictions

were gradually eased and weddings and corporate functions resumed. We are optimistic that all these segments will continue to gain momentum during the forthcoming financial year.

OPERATIONAL PRIORITIES – AGILITY

The Company continued to focus on creating an agile, efficient and productive business model able to effectively respond to a fast-evolving operating landscape. Digitisation initiatives are core to this transformation process and we continued to invest in digital infrastructure and build the required skills and mindset to embrace this change. Digitisation of routine processes continued during the year with the introduction of a new HR Time & Attendance system for non-executives and improvements to our inventory Management Systems. Decision making is increasingly data driven due to the strong emphasis on data analytics and we continue to invest in technology and systems to facilitate this process.

Ensuring the health and safety of our guests and employees continued to be a key priority during the year as the Company gradually opened the hotel for guests. We continued with our agile working policy for employees whilst implementing stringent safety protocols across all locations through 'Cinnamon Care' - The brand's standard for health and safety.

OUR TEAM AND SAFETY

Our employees ensured the continuity of our operations through their commitment and hard work, driving the delivery of our commercial aspirations and ensuring value creation. Supporting both the physical and mental wellbeing of our employees through implementing stringent safety guidelines and maintaining a high level of engagement continued to be a strategic priority for the Hotel during the year. Their commitment to maintaining uninterrupted operations despite the uncertainties and disruptions, as well

Chairman's Message contd.

as ensuring that safety standards and precautions are adhered to for the benefit of our guests, helped the hotel maintain its competitive advantage.

Despite the challenging environment, we have ensured continuous employment for all our permanent staff. We are also focusing on training and development with an emphasis on upskilling and improving competencies so that the employees have opportunities for growth and can reshape their work future.

A shortage of skilled labour, exacerbated by lucrative opportunities in competitor markets and increased migration levels continues to be a key challenge faced by the hospitality industry in Sri Lanka. We are committed to addressing this issue both at Group and industry level and continue to implement progressive measures to attract, train and retain talent. Innovative recruitment models including work from home and flexible working hours are being explored to attract untapped cohorts and further diversify our employee base. Increasing female participation in the workforce remains a key focus in our diversity agenda.

By the introduction of the "EmpowHer Network" Cinnamon Hotels & Resorts, in alignment with the John Keells Group's, diversity, equity and inclusion (DE&I) initiative - "ONE JKH", aims to create a diverse, equal and inclusive workplace. Through initiatives targeted towards improving work culture and breaking biases, we have increased our female participation to 9% from 8% and are working towards achieving our 2025 gender target of 24%. Being recognised as an Employer of Choice remains a key priority of our HR strategy and we continue to develop our Employee Value Proposition (EVP) to suit evolving labour dynamics, including the introduction of the Cinnamon Online Academy, a purpose-built online learning platform that provides interactive and flexible training opportunities. Our training capabilities continue to be recognised

by leading industry training bodies such as the Vocational Training Authority of Sri Lanka (VTA) and we work in close partnership with such authorities to strengthen entry level skills of potential hotel sector employees. During the year we rolled out our Employee Value Proposition (EVP) "Your Great Journey Starts Here" and are committed to delivering on this employee promise.

SUSTAINABILITY

Sustainability has always been at the forefront of our decision-making process, and we ensure that Environmental, Social and Governance considerations are embedded into all aspects of our operation and value chain. Our sustainability policy, which is aligned with that of the John Keells Group, provides a robust management and accountability framework for sustainability across all our locations. Monitoring mechanisms are in place to ensure that progress is in line to achieve the specific sustainability targets set for 2025.

As part of a long-term initiative to protect biodiversity and address climate change, the Group launched the "Cinnamon Rainforest Restoration Project" during the year under review. The project is a collaboration between Cinnamon Hotels & Resorts, Ruk Rakaganno, Forest Department Sri Lanka and John Keells Foundation and aims to restore a 50-acre plot of forest land situated in the buffer zone of the Sinharaja Rainforest over a period of three years.

During the year, a number of initiatives were undertaken by the Company in line with our underpinning strategies to protect and preserve our environment. 47,207 KWh of solar power was generated at our premises and we have continued our efforts to reduce our carbon footprint and achieved a recycling rate of 100% of the waste generated during the financial year. We also achieved a 26% reduction of our carbon footprint per Guest Night Y-O-Y and a

23% reduction in energy consumption per Guest Night Y-O-Y. We continue our drive to eliminate single-use plastics in our properties and encouraging the responsible consumption of energy and water on our properties.

Our sustainability goals extend to our communities and wider society. Increasing female participation in the labour force is a key priority which we seek to achieve not only within our organisation but in our communities as well. In addition to targeted scholarship and development programmes, we actively contribute to the gender equality dialogue in the country through partnerships with leading global change agents. Youth development remains a core area of focus and is supported through our youth and community development projects throughout the year.

During the year under review, Cinnamon Hotels & Resorts became the first hotel chain in Sri Lanka to commit to UNESCO Sustainable Travel Pledge, further reinforcing our long-standing commitment to ensuring the social and economic well-being of local communities through engagement, education and empowerment.

The Company has always been committed to giving back to our community as a way of showing our gratitude to and appreciating those around us. This year we launched 'Meals that Heal' which is an initiative to provide a free meal to those working tirelessly for the betterment of our society from health care workers to policemen. Through our contactless food delivery service 'Flavours' customers have also been able to contribute to this effort and we are pleased that this initiative has been a great success.

Developing our local supply chain partners has also remained a top priority as we work with them to fill the vacuum from import restrictions. While supporting the local economy

and enabling our local businesses the opportunities for growth we continue to increase our value addition to the economy of Sri Lanka.

CORPORATE GOVERNANCE

I am pleased to state that there were no departures from any of the provisions of the Code of Business Conduct and Ethics of the Code of Best Practice of Corporate Governance, jointly advocated by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. I also wish to affirm our commitment to upholding Group policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace.

OUTLOOK

The impact of the COVID-19 pandemic on global tourism continues to be easing off gradually, with increased vaccination roll-outs globally and an increasing number of destinations lifting travel restrictions. These have collectively contributed to an unleashing of 'pent-up' demand. The performance of tourism will largely depend on the revival of regional and global travel when travellers regain confidence and move in tandem with such recovery.

Sri Lanka

Sri Lanka Tourism Development Authority (SLTDA) conservatively projected tourist arrivals for CY2022 to be at 1.1 Mn, compared to the pre-pandemic arrivals of 2.3 Mn in CY2019. This recovery momentum sustained till March 2022.

However, since then, the political and social uncertainty in the country reached a peak on 9 May 2022 when the peaceful protests being held were disrupted causing violence and uncertainty for a few days. At the time of writing this Report, the situation in the country is calm with some level of political stability.

Whilst global tourist arrivals may record a recovery, continued uncertainty and volatility on the macroeconomic stability of the country and resultant social unrest, further exacerbated by the ongoing fuel and power crisis, may pose challenges for the country in attracting foreign arrivals in the immediate-term. Hence, ensuring continued political and social stability coupled with clear and transparent communication with the global community would be pivotal in attracting foreign arrivals to the country. Given ongoing discussions to strengthen Sri Lanka's fiscal position, such impacts are envisaged to diminish in the next few months as this is expected to stabilise the macroeconomy and address the social unrest. Accordingly, the impact to arrivals is envisaged to be largely managed, particularly in time for the upcoming peak season of the year.

Looking beyond the immediate challenges, the company remains confident that the prospects for tourism in the medium to long-term remain extremely positive, given the diversity of the offering and the potential for regional tourism, together with availability of its full complement of hotels to cater to this anticipated upsurge in demand. The potential for tourism still remains largely untapped given the country attracted only 2.3 Mn tourists prior to the Easter Sunday attacks in CY2019, whereas regional tourism has grown many-fold during the last decade.

Improving connectivity into the country at competitive rates, concerted marketing campaign in a post-COVID environment, addressing capacity constraints both in terms of airport capacity constraints and tourism infrastructure is expected to be a significant catalyst to attract tourism into Sri Lanka. It is encouraging to note that the SLTDA has conveyed that they are in the final stages in the procurement process of the integrated global promotion campaign, which is envisaged to be launched for the first time since the end of the conflict in 2009.

Several major infrastructure projects are expected to be completed in the ensuing years in Colombo including the Port City Colombo project and the development of the East and West Terminals of the POC. Such notable developments are expected to augur well for the city, particularly in attracting business travellers. The availability of dedicated conferencing and meeting facilities is also expected to bode well for tourism, particularly to attract tourism from the MICE segment. The Company will be uniquely positioned to capitalise on this opportunity.

Continued focus will be placed on prioritising the development of market-specific strategies aimed at catering to a diverse clientele. The property will also leverage on its unparalleled F&B offering, by continuing to strengthen its dedicated offerings and flagship restaurants.

ACKNOWLEDGEMENTS

I wish to thank my colleagues on the Board for their invaluable insights and support, to help the Company navigate through a challenging period. I take this opportunity to thank Mr. C J L Pinto and Mr. E H Wijenaike who resigned from the Board during the year, for their valuable contribution over the years. I also welcome Mr. Harin de Silva Wijeyeratne who joined the Board during the year. I wish to thank the management and their teams for their dedication and untiring efforts amidst unprecedented challenges and uncertainty. I would also like to thank our customers, business partners and other stakeholders for their continued support and confidence in us.

Krishna Balendra

K N J Balendra
Chairman

23rd May 2022

Board of Directors

KRISHAN BALENDRA

Chairman

Krishan Balendra is the Chairman of John Keells Holdings PLC. He is the Deputy Vice Chairman of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. He is a 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.

GIHAN COORAY

Director

Gihan Cooray is the Deputy Chairman/ Group Finance Director and has overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology function and Corporate Communications. He is the Chairman of Nations Trust Bank PLC. Gihan holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow member of the Chartered Institute of Management Accountants, UK, a certified management accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, UK. He serves as a committee member of The Ceylon Chamber of Commerce.

CHANGA GUNAWARDANE

Director

Changa Gunawardane presently acting as the Chief Financial Officer (CFO) of the Leisure industry group and currently serves as a Non-Executive Director on the Board of Asian Hotels & Properties PLC. Changa has been with John Keells Holdings PLC (JKH) for over 16 years. He previously held the position of Chief Financial Officer of the Information Technology sector, as well as the Sector Financial Controller of the Airlines and Logistics SBU within the Transportation sector. With over 27 years of experience as a finance professional in varying industries including Pharmaceutical, Manufacturing, Management Services, Electrical Engineering and Construction. Changa is also a Fellow member of the Chartered Institute of Management Accountants UK and holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

SURESH RAJENDRA

Director

Suresh Rajendra has over 30 years of experience in the fields of finance, travel & tourism, hotel management, property development and real estate management and business development acquired both in Sri Lanka and overseas. Prior to joining the JKH Group, he was the Head of Commercial and Business Development for NRMA Motoring and Services in Sydney, Australia and Director/General Manager of Aitken Spence Hotel Managements (Private) Limited, Sri Lanka. He is a Fellow member of the Chartered Institute of Management Accountants, UK. He is the President of the Leisure Group and responsible for Union Assurance PLC, John Keells Information Technology (Private) Limited, and John Keells Stockbrokers (Private) Limited.

MIKAEL SVENSSON

Director

Mikael Svensson is the Chief Executive Officer at Cinnamon Hotels & Resorts, part of the Leisure industry group of John Keells Holdings PLC (JKH). He overlooks Cinnamon's entire portfolio of hotels and resorts in Sri Lanka and the Maldives including the development of the much-anticipated mixed development project Cinnamon Life Integrated Resort. Mikael brings with him extensive international senior leadership experience in managing and operating large scale luxury hotels across Asia, the Middle East and Australia, of which over 20 years was with the Hyatt Group. He was the opening General Manager of the landmark luxury hotel on the trunk of the Palm Jumeirah, the Viceroy Palm Jumeirah, Dubai and the Grand Hyatt Mumbai, India. He was also the General Manager of the Park Hyatt Canberra, Australia and Hyatt Regency Hua Hin, Thailand. Prior to joining the John Keells Group, he was the Senior Vice President of Louis T Collection, a Singapore based hospitality management and building solutions company which owns a portfolio of hotels across Asia and Australia.

N L GOONERATNE

*Director**

Navin Gooneratne has been a member of the Trans Asia Hotels PLC Board as a Non-Executive Director since its inception in 1984. He holds a Bachelor of Science Degree in Engineering and is a Member of the Institute of Engineers (Sri Lanka). He is the Chairman of 1:2:4 Designs Ltd, Radiance Film International (Pvt) Ltd and Trans Asia Films (Pvt) Ltd. He is the Honorary Chairman of SAMA International Trust, Swarajya Foundation, and the Light of Asia Foundation. He is also a Patron of Mahatma Gandhi Centre in Colombo.

J C PONNIAH*Director**

Jhansi Ponniah was appointed to the Board of Trans Asia Hotels PLC as a Non Executive Director in October 2013. She has been intimately involved in the travel and tourism industry for over 30 years and has held directorships in numerous subsidiaries of John Keells Holdings PLC—namely Walkers Tours Ltd, Whittal Boustead (Travel) Limited and Gordon Frazer & Co. Limited. She has also served as the Secretary to the Sri Lanka Association of Inbound Tour Operators and is a recipient of Zonta Club Woman of Achievement Award.

H A J De S Wijeyeratne*Director**

Harin Wijeyeratne was appointed as a Non-Executive Director and as the Chairman of the Board Audit Committee of Trans Asia Hotels PLC in June 2021. Mr. Wijeyerante counts over 29 years of experience in the fields of general management, financial management and auditing which has been acquired while being employed at Investcorp Bank, Bahrain, Grindlays Bahrain Bank, Ernst & Young, Bahrain and Ernst & Young, Sri Lanka. In addition, he has held the position of Chief Executive Officer of the Sri Lanka Institute of Nanotechnology (Pvt) Limited (SLINTEC) for over five years (2013 to 2019) and a consultant for ZONE 24*7 an IT company involved in data analytics and machine learning (2019 to 2020). He was an Independent Director of Union Assurance PLC and was also the Chairman of the Board Audit and Compliance Committee and retired after completing 9 years in September 2020. He is an Associate member of The Institute of Chartered Accountants of Sri Lanka and a fellow member of The Chartered Institute of Management Accountants, UK. Also Mr. Wijeyerate is an Independent Non-Executive Director of DFCC Bank. Furthermore, he is the Audit Committee Chairman of MAS Holdings and is also a member of the Gamini Corea Trust Fund and remains the Founder/Owner of Avastha Financial Advisory Services and the Co-Founder of Kalyana, a mental health advocacy group.

** Independent Non-Executive Director*

Corporate Governance

Robust corporate governance practices which comprise comprehensive policy frameworks and judicious governance structures, underpin Trans Asia Hotels PLC's ("Company") value creation process, creating a culture of integrity and transparency. As part of the John Keells Group (Group), many of the Company's structures and policies conform to those of the Group, ensuring an agreed level of compliance across the Group. The Company's robust corporate governance practices have continued to anchor its corporate behaviour in these challenging times, providing a solid foundation for navigating the complexities stemming from the operating landscape.

CORPORATE GOVERNANCE HIGHLIGHTS IN 2021/22

Board Refreshment

Retirement of Directors

- Mr. C J L Pinto and Mr. E H Wijenaike, who served as Non-Executive Independent Directors resigned from the Board with effect from 25th June 2021.

New appointments

- Mr. H A J De S Wijeyeratne was appointed as a Non-Executive Independent Director with effect from 25th June 2021 and also appointed as the Chairman of the Audit Committee.

Key developments and focus areas of the Board of Directors

- Proactively monitoring emerging macro-economic developments and assessing the impact on the Company's financial performance, stability and value creation
- Stringent measures to ensure the safety of all employees and guests
- Optimise operating model and leverage key strengths and capabilities to ensure revenue generation during months of lockdown
- Stringent expense control measures through weekly dashboards, which cover financial and non-financial KPIs and revised targets
- Approved capital investment of Rs. 356 Mn in the structural refurbishment of the car park of the hotel

APPROACH TO CORPORATE GOVERNANCE

The Company's governance framework is based on the following internal and external steering instruments.

GOVERNANCE FRAMEWORK

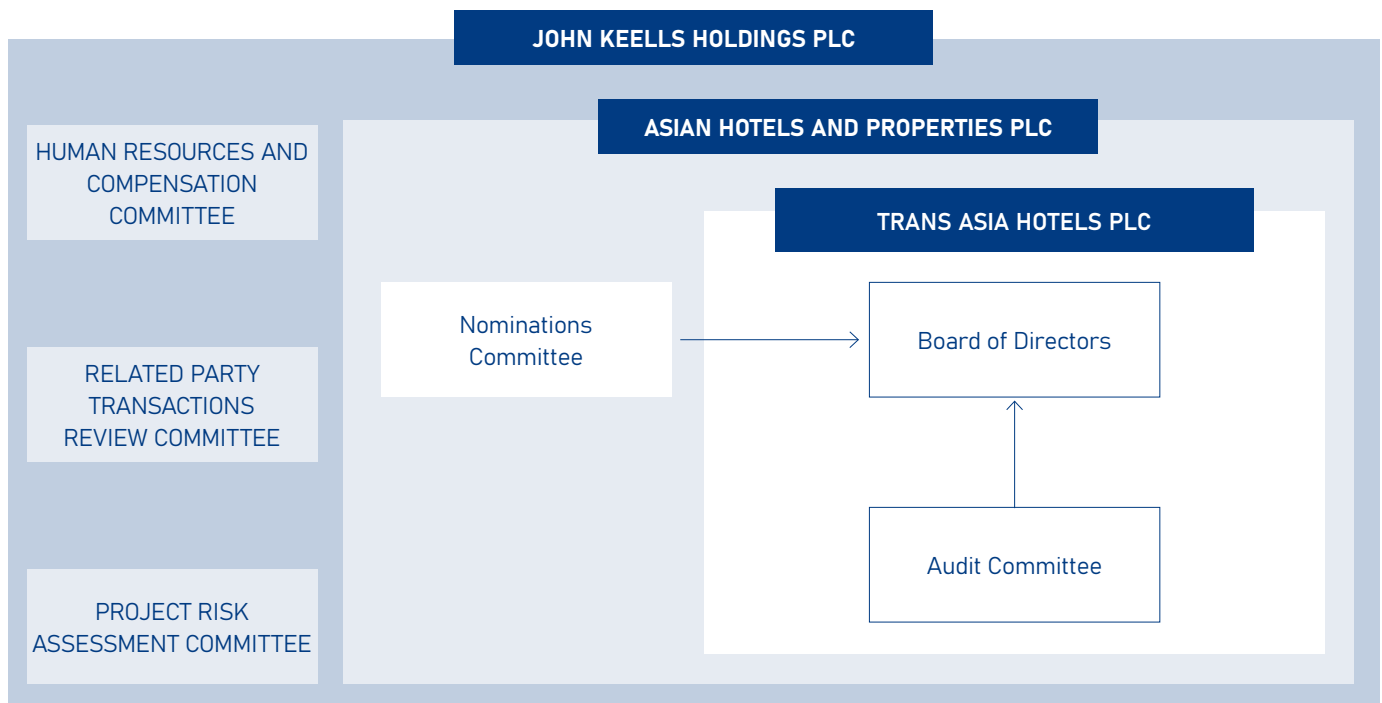
MANDATORY REQUIREMENTS Companies Act No.7 of 2007* Securities and Exchange Commission of Sri Lanka (SEC) Act. No 19 of 2021, including directives and circulars thereunder.* Listing Rules of the Colombo Stock Exchange (CSE) including circulars and directives issued thereunder* Code of Best Practices on Related Party Transactions (2013) issued by the SEC*	INTERNAL MECHANISMS - Stakeholder engagement - Quality management - Budgeting and Finance - Investor Relations - People Management - Risk Management
VOLUNTARY STANDARDS Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)* Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017)**	INTERNAL STANDARDS - Articles of Association Board and Board Sub-Committee charters - Group's governance structures and internal policies*** - Group's Code of Conduct

* The Company is fully compliant

** The Company is compliant with almost all the requirements of 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 Company and the Group.

*** Internal policies adopted by the Company are explained in detail under Policy Framework on page 17 of this Report.

The Board of Directors are the apex governing authority and custodians of all corporate governance related matters. The Board is supported by several sub-committees in discharging its responsibilities. As permitted by the Listing Rules, certain Board Committees of the ultimate parent Company (John Keells Holdings PLC-JKH) function as Board Committees of the Company. Furthermore, the Nominations Committee of the parent company (Asian Hotels and Properties PLC) functions as the Nominations Committee of the Company. Notwithstanding the functioning of the Board Committees, the Board of Directors is collectively responsible for the decisions taken by these sub-Committees. Accordingly, the Nominations Committee of Asian Hotels and Properties PLC, the Related Party Transactions Review Committee, the Human Resources & Compensations Committee and the Project Risk Assessment Committee of JKH, provide key inputs in relation to their areas of responsibility. Furthermore, an Audit Committee has also been appointed by the Board.



- Only the sub-committees of the parent and ultimate parent, which are relevant to Trans Asia Hotels PLC are shown in the illustration above.

Corporate Governance contd.

Roles and responsibilities of the sub-committees are summarised below:

Board Committee & Composition	Mandate	Scope
Audit Committee (Trans Asia Hotels PLC)		
All members to be Non-Executive Directors with a majority being Independent, with at least one member having significant, recent and relevant financial management and accounting experience and a professional accounting qualification. The Chief Executive Officer of Cinnamon Hotels and Resorts, General Manager of Trans Asia Hotels PLC, Chief Financial Officer – Leisure Group, Sector Financial Controller – City Sector and the Head of Group Business Process Review (Group BPR) of John Keells Holdings PLC attend the meetings of the Audit Committee by invitation. The Director Finance of the Company is the secretary of the Audit Committee. The current members are: Mr. H A J De S Wijeyeratne (I/NED) – <i>Chairman</i> (Member of a professional accounting body) Mr. S Rajendra (NI/NED) Ms. J C Ponniah (I/NED)	Monitor and supervise management's financial reporting process, internal controls, risk reviews and the audit function in ensuring: ▪ Accurate and timely disclosure ▪ Transparency, integrity and quality of financial reporting	- Confirm and assure: ▪ Independence of External Auditor ▪ Objectivity of Internal Auditor - Review with independent auditors the adequacy of internal controls and quality of financial reporting - Regular review meetings with management, Internal Auditor and External Auditors in seeking assurance on various matters. - Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence. - Evaluate the competence and effectiveness of the risk management systems of the Company and ensure robustness and effectiveness in monitoring and controlling risks. - Review the quarterly and annual Financial Statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations. Refer page 71 for Audit Committee Report.
Human Resources and Compensation Committee (John Keells Holdings PLC)		
To comprise exclusively of Non-Executive Directors, a majority of whom shall be independent. The Chairperson is a Non-Executive Director. The Chairman-CEO JKH and the Deputy Chairman/ Group Finance Director of JKH are invited to all Committee meetings, unless their own remuneration is under discussion respectively. The Deputy Chairman/Group Finance Director is the Secretary of the Committee. The current members are: Mr. D A Cabraal (I/NED) – <i>Chairman</i> Mr. M A Omar (I/NED) Dr. S S H Wijayasuriya (I/NED)	Review and recommend overall remuneration philosophy, strategy and policy and review implementation of the same in alignment with performance appraisal systems, conduct performance evaluation of the Chairman – CEO of JKH and Executive Directors of the Group.	- Determine and agree with the Board, a framework for remuneration of the Chairman of JKH and Executive Directors based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration. - Succession planning of Key Management Personnel. Determining compensation of Non-Executive Directors is not under the scope of this Committee. Refer page 41 for the Report of the Human Resources and Compensation Committee including the Statement of Remuneration Policy..

Board Committee & Composition	Mandate	Scope
Nominations Committee (Asian Hotels and Properties PLC)		
Comprises of two Independent Non-Executive Directors and one Non-Executive Director namely: Mr. J Durairatnam (I/NED) - <i>Chairman</i> Mr. K N J Balendra (NED) Mr. A S De Zoysa (I/NED)	Define and establish nomination process for Directors, lead the process and make recommendations to the Board on the appointment and re-appointment of Directors.	i. Assess skills required on the Board given the needs of the businesses 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 ▪ Ensure that every appointee undergoes an induction to the Company Refer page 42 for the report of the Nominations Committee.
Related Party Transactions Review Committee (John Keells Holdings PLC)		
Comprises three Independent Non-Executive Directors The Chairperson is an Independent Non-Executive Director. The current members are: Ms. M P Perera (I/NED) - <i>Chairperson</i> Mr. A N Fonseka (I/NED) Mr. D A Cabraal (I/NED)	To ensure on behalf of the Board of the Company, that all Related Party Transactions of the Company and its subsidiaries are consistent with the Listing Rules of the CSE and the Code of Best Practices on Related Party Transactions issued by the SEC.	Develop, and recommend for adoption by the Board of Directors of John Keells Holdings PLC and its subsidiaries, a Related Party Transaction Policy which is consistent with the Operating Model and the Delegated Decision Rights of the Group. 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 values for each of the subject listed companies in setting a benchmark for related party transactions, related party transactions which have to be pre-approved by the Board, related party transactions which require to be reviewed annually and similar issues relating to listed companies. iii. The Group has broadened the scope of the Committee to include senior decision makers in the list of key management personnel, whose transactions with Group companies also get reviewed by the Committee, in addition to the requirements of the CSE. Refer page 43 for the report of the Related Party Transactions Review Committee.

Corporate Governance contd.

Board Committee & Composition	Mandate	Scope
Project Risk Assessment Committee (John Keells Holdings PLC)		
To comprise of a minimum of four Directors. Must include the Chairman – CEO of JKH and the Deputy Chairman/ Group Finance Director JKH and two Non-Executive Directors. The Chairperson must be a Non-Executive Director. The current members are as follows: Dr. S S H Wijayasuriya (I/NED) – <i>Chairman</i> Ms. M P Perera (I/NED) Mr. K N J Balendra (ED) Mr. J G A Cooray (ED)	The Project Risk Assessment Committee was established to further augment the John Keells Group's Investment Evaluation Framework. The committee provides the Board of John Keells Holdings PLC (JKH) with enhanced illumination of risk perspectives with respect to large-scale new investments, and assess the potential impact of risks associated with such investments. Investments which are referred to the committee are those which exceed a Board-agreed threshold in terms of quantum of investment and/or potential impact to the John Keells Group. Accordingly, the committee provides early-stage recommendations to the Board with regard to the extent of risk and adequacy of mitigation strategies. Note that the Committee shall convene only when there is a need to transact in business as per the terms of its mandate.	1. Review and assess risks associated with large-scale investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. 2. Ensure stakeholder interests are aligned, as applicable, in making investment decisions. 3. Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director. 4. 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. Given the impact of the pandemic on Group businesses and the challenging macroeconomic uncertainties and volatilities during the latter part of the year, the JKH Board held frequent discussions affording the opportunity for matters pertaining to Group investments and risk assessments to be deliberated by all Board members. Whilst the sub-committee convened once during the year under review to discuss other investments of the John Keells Group, no meetings were convened in relation to investments made by Trans Asia Hotels PLC

NED–Non independent Non-Executive Director

I/NED–Independent Non-Executive Director

ED–Executive Director

POLICY FRAMEWORK

The Company's policy framework is largely aligned to that of the John Keells Group and tailored to suit the specific requirements of the industry wherever relevant. Policies are reviewed and updated regularly to ensure relevance to internal dynamics and the external landscape. Key policies include the following:

Key Internal Policies	
- Articles of Association of the Company - Recruitment and selection policy - Learning and development policy - Policies on equal opportunities, non-discrimination, career management and promotions - Rewards and recognition policy - Leave, flexi-hours, tele-working and agile working policies including health and safety enhancements and protocols in light of the COVID-19 pandemic - Code of conduct which also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information - Policies on diversity, equity and inclusion including gender - Policy against sexual harassment - Policies on forced, compulsory and child labour and child protection - Disciplinary procedure	- Policy on grievance handling - Policies on anti-fraud, anti-corruption and anti-money laundering and countering the financing of terrorism - Policy on communications and ethical advertising - Ombudsperson policy - Group accounting procedures and policies - Policies on enterprise risk management - Policies on fund management and foreign exchange risk mitigation - IT policies and procedures, including data protection, classification and security - Group environmental and economic policies - Whistleblower policy - Policies on energy emissions, water and waste management - Policies on products and services

Above policies of the John Keells Group are followed by all employees of Trans Asia Hotels PLC.

AN EFFECTIVE BOARD

The Board is responsible for setting the Company's strategic direction, building and enhancing stakeholder relationships, determining risk appetite, reviewing performance against objectives and appointing key management personnel. The Board has delegated its executive authority to the President of the Leisure Industry Group. The Board comprises 8 directors who are eminent professionals in their respective fields and hence bring valuable insights, varied skills and industry experiences enriching Board deliberations and decision making.

The Board's key responsibilities include:

- Providing direction and guidance in the formulation of sustainable, high-level, medium, and long-term strategies which are aimed at promoting the long-term success of the Company.
- Reviewing and approving annual plans and long-term business plans.
- Tracking actual progress against plans.
- Ensuring business is conducted with due consideration on environmental, social and governance (ESG) factors.
- Reviewing HR processes with emphasis on top management succession planning, including the diversity, equity and inclusion (DE&I) strategy.
- Ensuring operations are carried within the scope of the Enterprise Risk Management framework.
- Monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.
- Overseeing systems of internal control, risk management and establishing whistle-blowing conduits.
- Maintaining Board independence and managing conflicts of interest
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
- Reviewing and approving major acquisitions, disposals and capital expenditure.
- Approving any amendments to constitutional documents.
- Ensuring all related party transactions are compliant with statutory obligations.

Corporate Governance contd.

Board Composition

The Board is composed of 8 Non-Executive Directors as at 31st March 2022, with 3 of them being Independent Non-Executive Directors. The Board is diverse in its skills, experience, age and tenure contributing varied perspectives to boardroom deliberations and exercising independent judgement to bear on matters set before them. Board composition is regularly reviewed to ensure adequate diversity and that the skills representation is in alignment with current and future strategic needs of the Company. Profiles of the Board members are set out on pages 10 to 11. Each Director holds continuous responsibility to determine whether he or she has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters which are considered by the Board from time to time.

The Board has determined that, Mr. N L Gooneratne, although not satisfying the “number of years on the Board” criteria of independence of the Listing Rules of the CSE, does, in the opinion of the Board satisfy the other qualifying criteria in terms of independence, and having also considered all other factors, is of the holistic view that Mr. N L Gooneratne is an Independent Director.

Non-Executive Independent Directors add imperative value to strategic discussions and decision-making, whilst enhancing fair-mindedness. The Company's policy is to maintain a healthy balance between Non-Executive Directors and Independent Non-Executive Directors, in keeping with the applicable rules and codes, with the Non-Executive Directors bringing in deep knowledge of the businesses and the Non-Executive Independent Directors bringing in experience, objectivity and independent oversight.

Board Refreshment

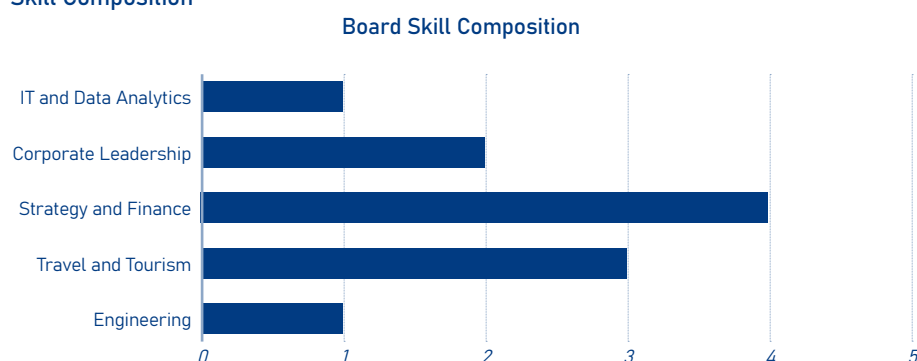
The tenure of Non-Executive Non-Independent Directors is limited by their prescribed Company retirement age. On the other hand, the Non-Executive Independent Directors can be appointed to office for three consecutive terms of three years, which however, is subject to the age limit set by statute at the time of reappointment following the end of a term. One third of the Directors except for the Chairman, retire by rotation on the basis prescribed in the Articles of Association of the Company. A Director retiring by rotation is eligible for re-election. The proposal for the re-appointment of Directors is set out in the Annual Report of the Board of Directors on page 67 of this report.

The Board was refreshed during the year with the retirement of 2 Independent Directors and the appointment of a new Independent Director. Mr. H A J De S Wijeyeratne was appointed to the Board during the year, enriching the Board's skill profile by bringing in a unique set of skills and capabilities in Information Technology and Data Analytics.

Ms. J C Ponniah will resign from the Board with effect from the date of the Annual General Meeting for 2021/22.

Board Composition (as at 31st March 2022)		Gender Representation	
Non-Executive Non-Independent Directors	5/8	Male	7/8
Non-Executive Independent Directors	3/8	Female	1/8

Skill Composition



Name of Director/Capacity	Shareholding (i)	Management /Director (ii)	Material Business Relationship (iii)/Employee of Company (iv)	Family Member a Director or GM (v)	Continuous Service for Nine Years (vi)	Year of Appointment
Non Executive, Non Independent Director (NED/NID)						
Mr. K N J Balendra - <i>Chairman</i>	No	Yes	No	No	N/A	2016 April
Mr. J G A Cooray	Yes	Yes	No	No	N/A	2018 January
Mr. M R Svensson	No	Yes	No	No	N/A	2019 November
Mr. S Rajendra	No	Yes	No	No	N/A	2021 January
Mr. C L P Gunawardane	No	Yes	No	No	N/A	2021 January
Non Executive, Independent Director (NED/ID)						
Mr. N L Gooneratne	Yes	No	No	No	Yes	1984 October
Mr. C J L Pinto (Resigned with effect from 25.06.2021)	Yes	No	No	No	Yes	2011 July
Mr. E H Wijenaike (Resigned with effect from 25.06.2021)	No	No	No	No	No	2012 June
Ms. J C Ponniah	No	No	No	No	No	2013 October
Mr. H A J D S Wijeyeratne (Appointed with effect from 25.06.2021)	No	No	No	No	No	2021 June

The independence of all its Non-Executive Independent Directors was reviewed against the criteria summarised below:

Criteria for Defining Independence	Status of Conformity of I/NEDs
None of the I/NED are employed, have a material business relationship and/or significant shareholding in other companies*. Entails other companies that have a significant shareholding in JKH and/or JKH has a business connection with	Complied
None of the I/NED have Shareholding carrying not less than 10% of voting rights	Complied
None of the I/NED is a Director of another company*	Complied
None of the I/NED have Income/non-cash benefits equivalent to 20 per cent of the Director's annual income	Complied
None of the I/NED have Employment at JKH and/or material business relationship with JKH, currently or in the two years immediately preceding appointment as Director	Complied
None of the I/NED have Close family member is a Director, CEO or a Key Management Personnel	Complied
None of the I/NED have served on the Board continuously for a period exceeding nine years from the date of the first appointment**	Complied except for Mr. N L Gooneratne

* Other companies in which a majority of the other Directors of the listed company are employed, or are Directors or have a significant shareholding or have a material business relationship.

** The Listing Rules permit the Board of Directors to resolve that Directors be considered as "independent" even if they do not fulfill the "independence" criteria set out in the rules.

The Board resolved that Mr. N L Gooneratne is an Independent Director on the Board of Trans Asia Hotels PLC notwithstanding the Listing Rules of the Colombo Stock Exchange having noted that;

1. Mr. N L Gooneratne of Trans Asia Hotels PLC has served on the Board as a representative since 31st October 1984;
2. The Listing Rules of the Colombo Stock Exchange and guidelines issued by the Colombo Stock Exchange/Securities and Exchange Commission state, inter alia, that a Director who served on the Board for more than nine (09) years ceases to be an Independent Director;
3. Mr. N L Gooneratne although not satisfying the "number of years on the Board" criteria, does, in the opinion of the Board satisfy the other qualifying criteria in terms of independence, and the Board, having also considered all other factors, is therefore of the holistic view that Mr. N L Gooneratne is an Independent Director;

Corporate Governance contd.

Meetings and Attendance

The Board meets on a quarterly basis and Directors' attendance during the year is given below.

During the meetings, the Chairman of the Board appropriately allocated time for Directors to carefully review and discuss all relative information. There were also written minutes that were made available for verification and approved by the Board. All Directors have access to Keells Consultants (Private) Limited, who acts as Company Secretaries, for advice on relevant matters. The Chairman ensured that all Board proceedings were conducted in a proper manner, approving the agenda for each meeting prepared by the Board Secretary. The typical Board agenda for the financial year 2021/22 included the following items:

- Confirmation of the minutes of the previous Board meeting
- Matters arising from the previous minutes
- Board Sub-Committee reports and other matters exclusive to the Board
- Review of performance in summary and in detail, including high level commentary on actuals and outlook
- Approval of quarterly and annual Financial Statements
- Ratification of capital expenditure and donations
- Ratification of the use of the Company seal and share certificates issued
- Ratification of Circular resolutions
- Any other business

The Board meets on a quarterly basis and Directors' attendance during the financial year 2021/22 is given below:

Name of Director		27.04.2021	22.07.2021	25.10.2021	24.01.2022	Meetings Attended
Mr. K N J Balendra - <i>Chairman</i>	NI/NED	✓	✓	✓	✓	4/4
Mr. J G A Cooray	NI/NED	✓	✓	✓	✓	4/4
Mr. N L Gooneratne	I/NED	✓	✓	✓	✓	4/4
Mr. C J L Pinto (Resigned with effect from 25.06.2021)	I/NED	✓	N/A	N/A	N/A	1/1
Mr. E H Wijenaike (Resigned with effect from 25.06.2021)	I/NED	✓	N/A	N/A	N/A	1/1
Ms. J C Ponniah	I/NED	✓	✓	✓	✓	4/4
Mr. H A J De S Wijeyeratne	I/NED	N/A	✓	✓	✓	3/3
Mr. M R Svensson	NI/NED	✓	✓	✓	✓	4/4
Mr. S Rajendra	NI/NED	✓	✓	✓	✓	4/4
Mr. C L P Gunawardane	NI/NED	✓	✓	✓	✓	4/4

The Audit Committee met on four occasions during the financial year 2021/22 and the attendance was as follows:

Name of Director	23.04.2021	20.07.2021	22.10.2021	20.01.2022	Meetings Attended
Mr. H A J De S Wijeyeratne - <i>Chairman</i> (Appointed with effect from 25.06.2021)	N/A	1	1	1	3/3
Mr. C J L Pinto (Resigned with effect from 25.06.2021)	1	N/A	N/A	N/A	1/1
Mr. E H Wijenaike (Resigned with effect from 25.06.2021)	1	N/A	N/A	N/A	1/1
Mr. S Rajendra (Appointed with effect from 25.06.2021)	N/A	1	1	1	3/3
Ms. J C Ponniah	1	1	1	1	4/4
By invitation					
Mr. C L P Gunawardane	1	1	1	1	4/4

The Human Resources and Compensation Committee met on two occasions during the financial year 2021/22 and the attendance was as follows:

Name	Eligible to Attend	Attended	Total
Mr. D A Cabraal - <i>Chairman</i>	2	2	2/2
Dr. S S H Wijayasuriya	2	2	2/2
Mr. A Omar	2	2	2/2
By Invitation			
Mr. K N J Balendra	2	2	2/2
Mr. J G A Cooray	2	2	2/2

The Related Party Transactions Review Committee met on four occasions during the financial year 2021/22 and the attendance was as follows:

Name	Eligible to Attend	Attended	Total
Ms. M P Perera - <i>Chairperson</i>	4	4	4/4
Mr. A N Fonseka	4	4	4/4
Mr. D A Cabraal	4	4	4/4
By Invitation			
Mr. K N J Balendra	4	4	4/4
Mr. J G A Cooray	4	4	4/4

The business of the Nominations Committee was transacted via circular resolution. There was one resolution passed on 25th June 2021 to recommend Ms. A Nanayakkara to be appointed as an INED of Asian Hotels and Properties PLC with effect from 25th June 2021 and Mr. H A J De S Wijeyeratne to be appointed as an INED of Trans Asia Hotels PLC with effect from 25th June 2021.

The Project Risk Assessment Committee met once during the financial year 2021/22 and the attendance was as follows:

Name	Eligible to Attend	Attended	Total
Dr. S S H Wijayasuriya - <i>Chairman</i>	1	1	1/1
Mr. K N J Balendra	1	1	1/1
Mr. J G A Cooray	1	1	1/1
Ms. M P Perera	1	1	1/1

Role of Chairman

The Chairman is a Non-Executive, Non-Independent Director whose main responsibility is to lead and manage the Board and its Committees so that they can function effectively. He represents the Company externally and is the focal point of contact for shareholders on all aspects of Corporate Governance.

The Chairman of John Keells Holdings PLC serves as the Chairman of Trans Asia Hotels PLC and is responsible for providing leadership to the Board, engaging Non-Executive Directors and facilitating Independent Non-Executive Directors only meetings periodically. He sets the tone for the governance and ethical framework of the Company, facilitates and encourages the expression of diverse views and by keeping in touch with local and global industry developments, ensures that the Board is aware of its obligations to the Company's shareholders and other stakeholders.

With the assistance of the Board Secretaries, Keells Consultants (Private) Limited., he also ensures that:

- Board procedures are followed
- Directors receive timely, accurate and clear information
- Updates on matters arising between meetings
- The agenda for the board meetings, reports and papers for discussion are dispatched at least once a week in advance, so that the Directors are able to study the material and arrive at sound decisions
- A proper record of all proceedings of Board meetings are maintained

President – Leisure

The President of the Leisure Sector of JKH, who is also a Non-Executive Director of the Company, is responsible for ensuring the implementation of the Company's strategic plans, guiding the senior management team, ensuring that the Company's operating model is aligned to the strategic aspirations of the ultimate parent Company JKH and ensuring effective succession planning at senior management level.

Board Induction and Training

The Company has a formal induction process for directors designed to provide an overview of the Company and the John Keells Group value and culture, Group governance framework, policies and processes, Code of Conduct expected by Company, business model, strategy and the directors' responsibilities in accordance with current legislation.

Corporate Governance contd.

Directors are encouraged to update their skills and knowledge on a continuous basis, and this is facilitated through the following activities:

- Access to External and Internal Auditors
- Periodic reports on performance
- Updates on topics that range from proposed/new regulations to industry best practices
- Opportunities to meet Senior Management of the Managing Agents in a structured setting
- Access to industry experts and other external professional advisory services
- Access to the center Legal, Tax and Finance Divisions of the John Keells Group of which the Company is a member
- Access to and services of the Company Secretary

All members of the Board devote sufficient time and make every effort to ensure that they discharge their responsibilities to the Company in keeping with their knowledge and experience. This is achieved by the review of Board papers, business visits to understand risk exposures and operating conditions, visits to properties, attending Board meetings and participating in discussions with the Internal and External Auditors and the Managing Agents.

Board Appraisal

The Board conducted its annual Board performance appraisal for the financial year 2021/2022. 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 were collated by an Independent Director, and the results were analysed to give the Board and indication of its effectiveness as well as areas that required addressing and/or strengthening.

The effectiveness of the Audit Committee is evaluated by the Independent, Non-Executive Chairman of the Audit Committee based on feedback from committee members and regular invitees to the Committee, which includes the Chief Executive Officer of Cinnamon Hotels and Resorts, General Manager, Finance Director of the Company, Chief Financial Officer of the Leisure Group, Sector Financial Controller, Head of Group Business Process Review and the Internal and External Auditors.

Remuneration

The Remuneration policy is determined by the Human Resources & Compensation Committee of the ultimate parent company, JKH. The remuneration policy is designed to attract and retain highly capable executives and to motivate the implementation of business strategy. The policy provides an appropriate balance between fixed remuneration and variable remuneration based on both individual performance and an organizational performance matrix, which covers revenue and after-tax profit.

While the Company Trans Asia Hotels PLC does not have an employee share option scheme (ESOP); however eligible employees are entitled to receive ESOPs of the ultimate parent Company John Keells Holdings PLC based on actual performance pre-determined criteria which are uniformly applied across the eligible levels and performance levels. These long-term incentives have been significantly instrumental in inculcating a deep sense of ownership in the recipients and is seen to be a key driver of performance driven rewards. Share options are awarded to individuals on the

basis of their immediate performance and potential importance of their contribution to the Company's future plans.

Compensation of Non-Executive Independent Directors is determined with reference to fees paid to other NED/IDs of comparable companies and is adjusted where necessary. Fees received by NEDs/IDs are determined by the Board and reviewed annually. NEDs/IDs do not receive any performance/incentive payments and are not eligible to participate in any of the Group's share option plans. The NEDs/IDs fees are not subject to time spent or defined by a maximum/minimum number of hours committed to the Group per annum, and hence are not subject to additional/lower fees for additional/lesser time devoted.

Directors' fees applicable to NEDs/IDs nominated by John Keells Holdings PLC are paid directly to John Keells Holdings PLC and not to individuals. The aggregate remuneration paid to Non-Executive Directors is disclosed on page 93 of this Report.

Integrated Governance Systems and Procedures

Listed below are the main governance systems and procedures of the JKH Group, adopted by the Company. These systems and procedures strengthen the elements of the Company's Internal Governance Structure and are benchmarked against industry best practice.

- a. Strategy formulation and decision-making process
- b. Human resource governance
- c. Integrated risk management
- d. IT governance
- e. Tax governance
- f. Stakeholder management and effective communications
- g. Sustainability governance

a. Strategy Formulation and Decision-making Processes

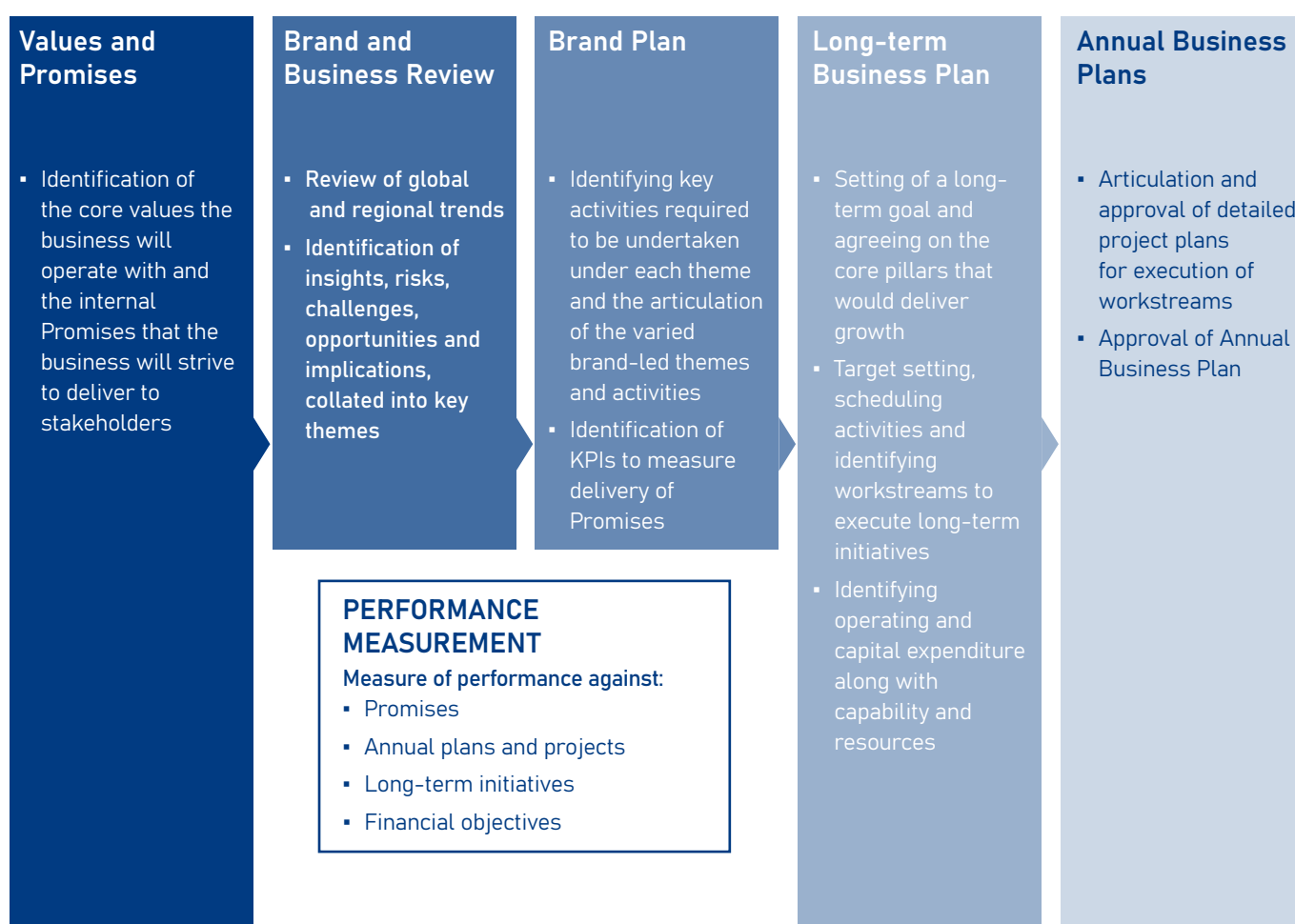
Strategy Mapping Strategy mapping exercises, concentrating on the short, medium and long-term aspirations of each business, are conducted annually and reviewed, at a minimum, quarterly/half-yearly or as and when a situation so demands. This exercise entails the following key aspects, among others.

1. Progress and deviation report of the strategies formed.
2. Competitor analysis and competitive positioning.
3. Analysis of key risks and opportunities.
4. Management of stakeholders such as suppliers and customers.
5. Value enhancement through initiatives centered on the various forms of Capital under an integrated reporting framework.

The strategies of the Company, will always revolved around the JKH Group Strategy, while considering the domain specific factors. The prime focus always is to enhance value for all stakeholders.

Medium-term Strategy

The ensuing section illustrates the comprehensive process followed by the Company in developing the business's strategy for the medium term.

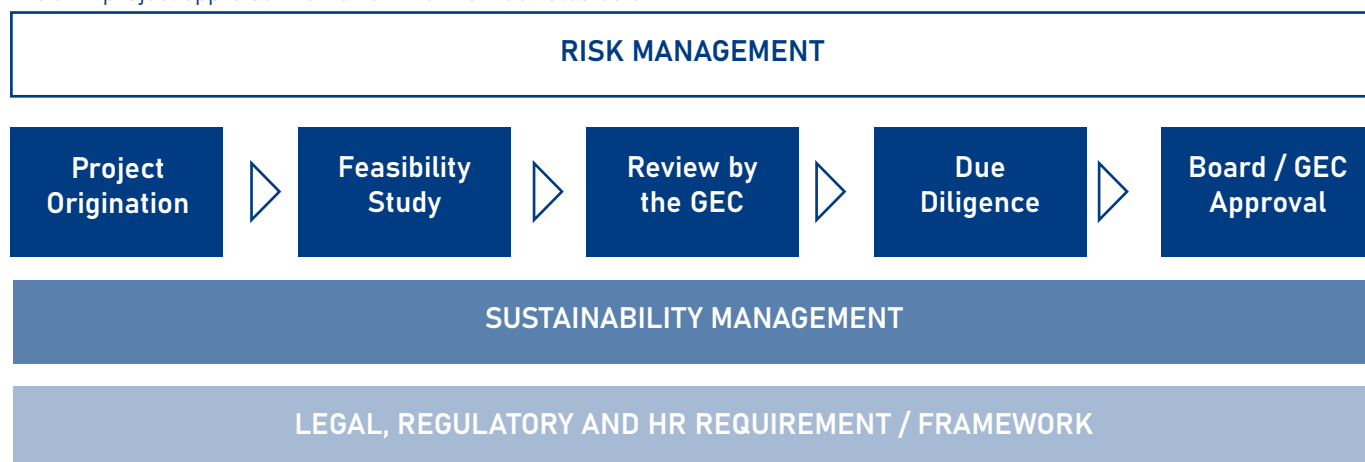


Corporate Governance contd.

Project Approval Process

New Projects follow a detailed feasibility report covering key business considerations under multiple scenarios, within a framework of sustainability. The feasibility stage is not restricted to a financial feasibility and encompasses a wider scope of work covering risk management, sustainable development, economic social governance and human resources considerations. Project appraisal and capital investment decisions are processed through a committee structure which safeguards against one individual having unfettered decision-making powers in such decisions.

The JKH project appraisal framework flow is illustrated below:

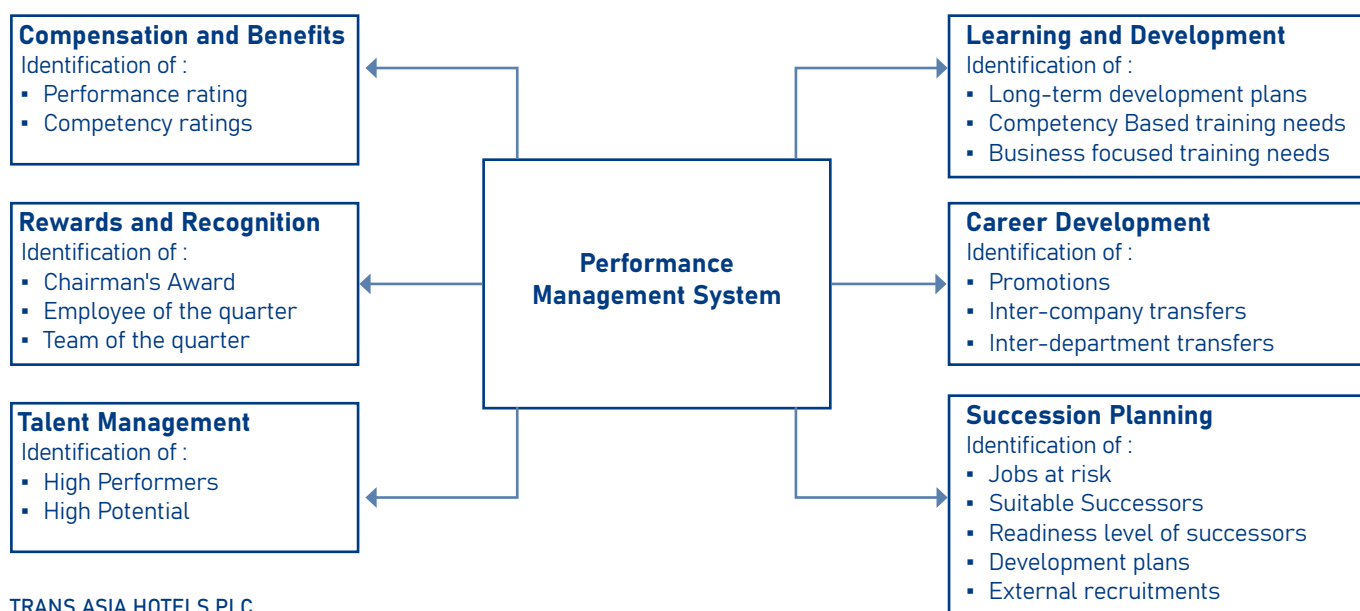


b. Human Resource Governance

The JKH human resource governance framework adopted by the Company is designed in a manner that enables high accessibility by any employee to every level of management. Constant dialogue and facilitation are also maintained ranging from work related issues to matters pertaining to general interest that could affect employees and their families. The Company follows an open-door policy for its employees and this is promoted at all levels of the Company. The Human Resource Information System (HRIS) manages the entire lifecycle of the employee from onboarding to performance management, succession planning, compensation, learning and development, through to offboarding.

Performance Management

Performance Management System, as illustrated below, is at the heart of many supporting human resource management processes such as learning and development, career development, succession planning, talent management, rewards/recognition and compensation/benefits.



Performance based Compensation Policy

The JKH Group Compensation Policy adopted by the Company is as follows:

PERFORMANCE MANAGEMENT	SATISFACTION
'Pay for performance' Greater prominence is given to the incentive component of the total target compensation.	'More than just a workplace' Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

Compensation Policy

- Compensation comprises of fixed (base) payments, short-term incentives and long-term incentive
- Higher the authority levels within the Group, higher the incentive component as a percentage of total pay.
- Greater the decision influencing capability of a role, higher the weight given to organisational performance as opposed to individual performance.
- Long-term incentives are in the form of Employee Share Options and cash payments.

INTERNAL EQUITY	EXTERNAL EQUITY
▪ Remuneration policy is built upon the premise of ensuring equal pay for equal roles. ▪ Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs.	▪ Fixed compensation is set at competitive levels using the median, 65th percentile and 75th percentile of the best comparator set of companies (from Sri Lanka and the region, as relevant) as a guide. ▪ Regular surveys are done to ensure that employees are not under / over compensated.

Employee Share Option Plan

JKH Employee Share Option Plans are offered at defined career levels based on pre-determined criteria which are uniformly applied across the eligible levels and performance levels. These long-term incentives have been significantly instrumental in inculcating a deep sense of ownership in the recipients and is seen to be a key driver of performance driven rewards. Share options are awarded to individuals based on their immediate performance and potential importance of their contribution to the Group's future plans.

c. Company's Integrated Risk Management

The Board has oversight responsibility for risk management and has set in place a robust risk management framework of controls, systems and processes, as detailed under Risk Management report on pages 44. The Company has increased the rigor of monitoring and management of risk, as the environment continues to be uncertain and challenging.

d. Information Technology (IT) Governance

IT governance stewardship roles are governed through layered and nested committees, cascading from the GEC to the Group IT Steering Committee to the Group IT Operation Committee with well-defined roles and responsibilities at a Group, industry group as well as business unit level. The IT governance framework used within the JKH Group leverages best practice and industry leading models such as CoBIT (Control Objectives for Information and Related Technology), ISO 35800, ISO27001, ISO 9001:2015, COSO (Committee of Sponsoring Organisations of the Treadway Commission)/BCP (Business Continuity Planning), ITIL (Information Technology Infrastructure Library), NIST (National Institute of Standards and Technology) in providing a best of breed framework for IT governance, risk and compliance management.

Digital Oversight and Cyber Security

The rapidly advancing nature of technology and the continual integration of the Company's operations with technological progress has resulted in increased vulnerability for the Company's from a digital standpoint. As a result, the Board places significant emphasis on ensuring that the Company's soft and hard infrastructure is designed in a manner, and adequate, to deal with a potential breach. Data protection and cyber security are regularly addressed during the Risk Management and Audit Committee meetings and periodically discussed at a Board level.

Corporate Governance contd.

Data Protection, Information Management and Adoption

The presence of continuously evolving IT infrastructure and platforms to meet requirements of day-to-day business, augured well for the Company, particularly given restrictions in movement and social distancing measures in light of the COVID-19 pandemic. The Company witnessed an acceleration of digitisation and better user adoption. Despite this, adoption of such systems and features remain at a relatively early stage and is a key focus area for the Company. Given the emergence of regulations such as European Union General Data Protection Regulation (GDPR) and the Data protection act of No. 09 of 2022 of Sri Lanka, data security, integrity and information management will be pivotal. In addition to this, the Group's initiatives on advanced data analytics also necessitate an established governance framework to manage the flow of data. To this end, the Company will continue to strengthen its data governance structure to ensure ownership and accountability of clearly articulated data governance policies and processes and data quality standards.

e. Tax Governance

The JKH Group's tax governance framework and tax strategy adopted by the Company is guided by the overarching principles of compliance, transparency and accountability, and acknowledges the Company's duty in fulfilling its tax obligations as per fiscal legislation, while preserving value for other stakeholders, particularly investors.

Governance Structure

1. Voluntary compliance and efficient tax management are key aspect of the Company's overall tax strategy.
2. This is enabled through building expertise within the Company and Leisure Industry Group.

3. The Head of Tax of the Leisure Industry Group reporting functionally to the Group Head of Tax, ensures compliance and implements the Company tax strategy.

Policy and Strategy

Ensure:

1. Integrity of all reported tax disclosures.
2. Robust controls and processes to manage tax risk.
3. Openness, honesty and transparency in all dealings.
4. Presence of legitimate business transactions underpinning any tax planning or structuring decision/opportunity.
5. Contribute to fiscal policy decisions constructively in the interest of all stakeholders.

Role

1. Implement and maintain strong compliance processes.
2. Analyse and disseminate business impact from change in tax legislation.
3. Provide clear, timely, and relevant business focused advice across all aspects of tax.
4. Ensure availability of strong and well documented technical support for all tax positions.
5. Obtain independent/external opinions where the law is unclear or subject to interpretation.

Review and Monitoring

1. Leverage on digital platforms to support, record and report on tax compliance status across the Group.
2. Periodic updates to the Board of Directors on various tax matters (quarterly at minimum).

The Company's approach to tax governance is directly linked to the sustainability of business operations. The presence of a well-structured tax governance framework ensures the following:

- Ability to manage tax efficiently by reducing the tax burden on the Group, within the ambit of applicable laws.
- Manage tax risks and implications on the Company's reputation through adequate policies, proactive communication and defense.
- Facilitate healthy relationships amongst stakeholders, Government and tax authorities.
- Ensuing integrity of reported numbers and timely compliance.

f. Stakeholder management and effective communications

Communication with Shareholders

The Company encourages effective communication with shareholders who are engaged through multiple channels of communication, including the AGM (detailed below), Annual Report, Interim Financial Statements, press releases, social media platforms and announcements to the CSE.

The Board recognises its responsibility to present a balanced and understandable assessment of the Company's financial position, performance and prospects and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided so as not to create a false market. Shareholders may also, at any time, direct queries and concerns to Directors or Management of the Company through the Company Secretaries - Keells Consultants (Pvt) Ltd, The Company Secretaries maintain a record of all correspondence received and keeps the Board apprised of issues raised by the shareholders to ensure that they are addressed in an appropriate manner. Matters raised in writing are responded to in writing directly by the Company Secretaries, as relevant.

Release of Information to the Public and CSE

The Board of Directors, in conjunction with the Audit Committee where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting a true and fair view, and balanced assessment of results in the quarterly and annual Financial Statements. Accordingly, the Company has reported a true and fair view of its financial position and performance for the year ended 31 March 2022 and at the end of each quarter of the financial year 2021/22.

All other material and price sensitive information about the Company is promptly communicated to the CSE and such information is also released to employees, the press and shareholders.

Constructive use of the Annual General Meeting (AGM)

The AGM is the main mechanism for the Board to interact with and account to Shareholders and affords an opportunity for Shareholders' views to be heard. At the AGM, the Board provides an update to Shareholders on the Company's performance and Shareholders may ask questions clarifying matters prior to voting on resolutions. It is the key forum for Shareholders to engage in decision making matters reserved for the Shareholders which include proposals to adopt the Annual Report and Accounts, appoint directors and auditors and other matters requiring special resolutions as defined in the Articles of Association or the Companies Act. The Chairman ensures the Chairman of the Audit Committee, Board members, key management personnel and External Auditors, are present to respond to queries that may be raised by the Shareholders.

All Shareholders are encouraged to participate at the AGM and exercise their voting rights. Notice of the AGM, the Annual Report and Financial Statements and any other resolutions

to be taken up at the AGM together with the corresponding information, are circulated to Shareholders not later than 15 working days prior to the AGM. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution

Serious Loss of Capital

In the unlikely event that the net assets of the Company fall below half of its stated capital, shareholders will be notified and the requisite resolutions would be passed on the proposed way forward.

g. Sustainability Governance

The Company places significant emphasis on sustainable development and value creation. The JKH Group's Sustainability Management Framework ensures specific policies and procedures are established for social and environmental governance in each business unit, ensuring an agreed level of compliance within the Group. As such, sustainability principles are embedded in the Company business strategy and endorsed throughout its operations.

Human Rights Caring, Excellence, Trust

Innovation and Integrity are core values intrinsic to JKH and the Company places the highest value on ethical practices including a zero-tolerance policy towards corruption and bribery in all its transactions. The Company is committed to upholding universal human rights of all its stakeholders whilst maintaining the highest ethical standards in all its operations.

Anti-Corruption

JKH Group Policy on Anti-Corruption is followed by all employees of the Company. The Company places the highest value on ethical practices and has promulgated a zero-tolerance policy towards corruption and bribery in all its transactions. The Company strives to maintain a culture of honesty and opposition to fraud and corruption. Based on this commitment, the Code of

Conduct, anti-fraud, fraud prevention, anti-corruption, anti-bribery, validation and audit policies of JKH outline the principles to which we are committed in relation to preventing, reporting and managing fraud and corruption. It covers inter alia, theft, embezzlement, overriding controls, giving or receiving kickbacks, bribery, allowing oneself to be placed in situations of conflict of interest and statements (financial or non-financial) dishonestly and recklessly made contrary to the factual position. The Company also has a process to ensure compliance with the laws and regulations of the countries it operates in, including anti-corruption and anti-bribery laws.

The Company seeks to ensure that ethical business practices are the norm from the business unit level, down to the individual employee. Its transparent control and prevention mechanisms also extend to its value chain, to its customers, suppliers and business partners. At the employee level, every employee and director is required to comply with Company policies, including the Code of Conduct. The Company Leadership spearheads the implementation of the Code.

Diversity, Equity and Inclusion (DE&I) policy

The Group launched the diversity, equity and inclusion (DE&I) policy, the overarching policy that underlies the Group's overall commitment to DE&I, in May 2021.

John Keells Group's DE&I policy is followed by all employees of the Company. The Company recognises that organisations that constitute diverse and inclusive workforces are best placed to innovate, retain talent and deliver better overall results, and firmly believes that it can achieve its highest potential through bringing together diverse perspectives and backgrounds. The Company is committed to advancing a culture of equitable inclusion amongst its

Corporate Governance contd.

workforce and value chain and ensuring that the dignity and diversity of all employees and value chain partners are respected. The DE&I policy is based on the key principles of:

- Empowerment and inclusion
- ZERO tolerance for discrimination
- Equal opportunity
- Equal participation
- Diverse value chains

Policies on forced, compulsory and child labour and child protection

The Company employs stringent checks during its recruitment process to ensure that its minimum age requirements are met and ensures that all employees are educated on key aspects of forced and compulsory labour.

Policies on equal opportunities, non-discrimination, career management and promotions

The Company remains committed to maintaining a workplace that is free from discrimination and is committed to hiring, developing and promoting individuals who best meet the requirements of available positions.

Gender Policy

The Company is committed to striving for gender equity through empowerment & inclusion, equal opportunity and equal participation.

Policy Against Sexual Harassment

A zero tolerance for physical, verbal or non-verbal harassment based on gender, race, religion, nationality, age, social origin, disability, sexual orientation, gender identity, political affiliations or opinion is in place.

HIV & AIDS workplace policy

The Company does not discriminate in the workplace against employees on the basis of real or perceived HIV status.

Policies on anti-fraud, anti-corruption and anti- money laundering and countering the financing of terrorism

All functions are required to include and analyse the risk of corruption as a part of their risk management process.

Supplier Code of Conduct

All significant suppliers of The Company shall be in compliance with applicable laws and regulations with regard to labour, human rights, environment and ethical business practices.

Company Secretary

The Company Secretary plays a vital role in facilitating good Corporate Governance. The Company Secretary assists the Chairman and the Board of Directors in determining the annual Board Plan, guiding the Board and the individual Directors in the proper discharge of their responsibilities and acting as a central source of guidance on matters of ethics and governance. The Company Secretary also acts as a channel of communication with shareholders to ensure good shareholder relations. Shareholders can contact Keells Consultants (Private) Limited, the Company Secretaries on 011-2306245 for any Company related information requirements during normal office hours.

Assurance

A system of 'assurance' is in place as the supervisory module of the Company's Corporate Governance Framework to ensure high standards of integrity, accuracy and transparency.

Employee Participation in Assurance

Employee engagement is encouraged at all levels and the Company continues to work towards introducing innovative and effective ways of employee communication and employee awareness. Whilst employees have many opportunities to interact with senior management, the Company has created the ensuing formal channels for such communication through feedback, without the risk of reprisal.

Employee Communication Channels

Skip level meetings
Exit interviews
Young Forum meetings
360-degree evaluation
Employee surveys
Monthly staff meetings
Ombudsperson
Access to Senior Independent Director
Continuous reiteration on the practice of the 'Open-Door' policy

Code of Conduct

All employees and the Board of Directors are bound by the John Keells Group Code of Conduct, which clearly defines the behaviour expected of employees in performing their duties and stakeholder interactions. The Chairman affirms that there were no material violations of any of the provisions of the Code of Conduct during the year. In the instances where violations did take place, or were alleged to have taken place, those were investigated and handled through the Company's established procedures.

John Keells Group Code of Conduct

- Allegiance to the Company and Group
- Compliance with rules and regulations applying in the territories that the Group operates in
- Conduct of business in an ethical manner, at all times and in keeping with acceptable business practices
- Exercise of professionalism and integrity in all business and 'public' personal transactions

Whistleblower Policy

'The Chairman Direct' line allows employees to raise concerns about any unethical behaviour or violation of Group values that could be reported by employees to the Chairman of John Keells Holdings PLC. Employees reporting such incidents are assured of complete confidentiality and such complaints are investigated and addressed via a selected committee under the direction of the Chairman.

Ombudsperson and Grievance Mechanism

The Group has appointed an Ombudsperson who is authorized to entertain complaints from employees, irrespective of level, of alleged violations of the published Code of Conduct of the Group, if the complainant feels that the alleged violation has not been addressed satisfactorily by the internally available mechanisms.

The findings and the recommendations of the Ombudsperson, subsequent to an independent inquiry, are confidentially communicated to the Chairman or to the Senior Independent Director of John Keells Holdings PLC ("Senior Independent Director"), upon which the involvement of the Ombudsperson ceases.

On matters referred to him by the Ombudsperson, the Chairman or the Senior Independent Director, as the case may be, will place before the Board:

- I. The decision and the recommendations of the Ombudsperson
- II. The action taken based on the recommendations
- III. The areas of disagreement and the reasons adduced in instances where the Chairman or the Senior Independent Director disagrees with any or all of the findings and/or recommendations. In such cases, the Board shall consider the areas of disagreement and determine the way forward.

In situation III, the Board is required to consider the areas of disagreement and decide on the way forward. The Chairman or the Senior Independent Director is expected to take such steps as are necessary to ensure that the complainant is not victimised, in any manner, for having invoked this process.

Independence of this external whistle-blower channel is maintained by the current Ombudsperson who is an attorney-of-law by profession.

Additionally, skip level meetings, exit interviews, 360-degree evaluations conducted by an independent third party and Great Place to Work survey, provide opportunities for employees to provide feedback on a wide range of potential issues at the workplace.

During the year under review no issues were raised by any employee of the Company.

Internal Controls

A robust framework of internal controls ensures that proper accounting records are maintained, assets are safe-guarded and that information is disbursed to all relevant stakeholders in a timely manner. Key elements of such procedures are as follows:

- Clearly defined formal policies and procedures which include the documentation of key systems and rules relating to delegation of financial authority. This restricts the unauthorized use of the Company's assets and ensures the monitoring of controls.
- Annual budgets are approved by the Board after a detailed management review.
- The Enterprise resource planning system (SAP) has ensured that monthly management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information.
- Capital Expenditure is subject to formal authorisation procedures.
- Experienced and suitably qualified staff takes responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.

- To further strengthen internal control and have independent assurance, the Company has enlisted the services of Messrs. PricewaterhouseCoopers (PwC), an internationally reputed firm of Chartered Accountants, to monitor and report on the adequacy of the financial and operational systems.

Internal Audit

The Company's internal audit process is conducted by outsourced parties at regular intervals, coordinated by the Group Business Process Review function (GBPR) of the Group. GBPR ensures that the internal audit plan adequately covers the significant risks of the Company, reviews the important internal audit findings and follow-up procedures. Whilst there are merits and demerits associated with outsourcing an internal audit, the Company is of the view that having an external based internal auditor is more advantageous.

External Audit

The External Auditor is appointed subject to the provisions of the Companies Act. The Audit Committee makes recommendations to the Board for the appointment, reappointment or removal of the External Auditor in-line with professional and ethical standards and regulatory requirements. It monitors and reviews the External Auditor's independence, objectivity and effectiveness of the audit process considering relevant professional and regulatory requirements. In assignment of non-audit services to External Auditors, the Audit Committee ensures the External Auditor has the necessary skills and experience for the assignment and ascertains that independence and objectivity in carrying out his duties and responsibilities will not be impaired. On the recommendation of the Board, the shareholders approved the reappointment of Messrs. KPMG, Chartered Accountants, as the External Auditors for 2021/22 at the last AGM.

Corporate Governance contd.

Compliance Summary

The Directors are conscious of their duty to comply with the laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business of the Company. The Board receives Compliance Statements from The Chief Executive Officer of Cinnamon Hotels and Resorts confirming compliance with regulatory requirements each quarter in accordance with its commitment to regulatory compliance. The Company is compliant with all relevant legal and statutory requirements.

A detailed report on our adherence to best practices with appropriate reference is given below:

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	Compliance Status	Reference (within the Report)
(i) Names of persons who were Directors of the Entity	Yes	Board of Directors
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Annual Report of the Board of Directors
(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	Share Information & Shareholding
(iv) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	No	
(v) A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Yes	
(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	Annual Report of the Board of Directors
(viii) Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Notes to the Financial Statements
(ix) Number of shares representing the Entity's stated capital	Yes	Share Information & Shareholding/Performance Highlights
(x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	
(xi) Financial ratios and market price information	Yes	Notes to the Financial Statements
(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	
(xiii) Details of funds raised through a public issue, rights issue and a private placement during the year	Yes	Share Information & Shareholding/Notes to the Financial Statements
(xiv) Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	
(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	Annual Report of the Board of Directors
(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	Corporate Governance Note 09 and 28 to the Financial Statements

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

CSE Rule		Compliance Status	Company Action/Reference (within the Report)
7.10 Compliance			
a./b./c.	Compliance with Corporate Governance Rules	Yes	The Company is in compliance with the Corporate Governance Rules and any deviations are explained where applicable.
7.10.1 Non-Executive Directors (NED)			
a./b./c.	At least 2 members or 1/3 of the Board, whichever is higher should be NEDs	Yes	All Board members are NEDs. The Company is conscious of the need to maintain an appropriate mix of skills and experience on the Board and to refresh progressively its composition over time.
7.10.2 Independent Directors			
a.	2 or 1/3 of NEDs, whichever is higher shall be "independent"	Yes	3 out of the 8 NEDs are Independent.
b.	Each NED to submit a signed and dated declaration of his/her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and the 3 Independent NEDs have submitted signed confirmation of their independence.
7.10.3 Disclosures relating to Directors			
a./b.	Board shall annually determine the independence or otherwise of NEDs and; Names of each IDs should be disclosed in the Annual Report (AR)	Yes	All Independent NEDs have submitted declarations as to their independence.
c.	A brief resume of each Director should be included in the Annual Report including the directors' experience	Yes	Board of Directors
d.	Provide a resume of new Directors appointed to the Board along with details	Yes	Detailed resumes of the new Independent NEDs appointed are submitted to the CSE. There is one appointment to the Board, during the year under review (Corporate Governance)
7.10.4 Criteria for defining independence			
a. to h.	Requirements for meeting the criteria to be an Independent Director	Yes	Corporate Governance
7.10.5 Remuneration Committee			
a.1	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Yes	The Human Resources and Compensation Committee (equivalent of the Remuneration Committee with a wider scope) only comprises of Independent NEDs.
a.2	One NED shall be appointed as Chairman of the Committee by the Board of Directors	Yes	The Senior Independent NED is the Chairman of the Committee.
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Yes	The remuneration of the Chairman-CEO and the Executive Directors is determined as per the remuneration principles of the Group and recommended by the Human Resources and Compensation Committee.
c.1	Names of Remuneration Committee members	Yes	Corporate Governance
c.2	Statement of Remuneration policy	Yes	Corporate Governance
c.3	Aggregate remuneration paid to EDs and NEDs	Yes	Refer Note 9 of the Financial Statements

Corporate Governance contd.

CSE Rule		Compliance Status	Company Action/Reference (within the Report)
7.10.6 Audit Committee			
a.1	Audit Committee (AC) shall comprise of NEDs, a majority of whom should be independent	Yes	The Audit Committee comprises of two INEDs and one NED.
a.2	A NED shall be the Chairman of the committee	Yes	The Chairman of the Audit Committee is an Independent NED.
a.3	CEO and CFO should attend AC meetings	Yes	The Chief Executive Officer of Cinnamon Hotels and Resorts, General Manager of Trans Asia Hotels PLC, Chief Financial Officer – Leisure Group, Sector Financial Controller – City Sector and the Head of Group Business Process Review (Group BPR) of John Keells Holdings PLC attend the meetings of the Audit Committee by invitation
a.4	The Chairman of the AC or one member should be a member of a recognised professional accounting body	Yes	The Chairman of the AC is a member of a recognised professional accounting body.
b.	Functions of the AC	Yes	The AC carries out all the functions prescribed in this section.
b.1	Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with SLFRS/LKAS	Yes	The AC assists the Board in fulfilling its oversight responsibilities for the integrity of the Financial Statements of the Company.
b.2	Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations	Yes	The AC has the overall responsibility for overseeing the preparation of Financial Statements in accordance with the laws and regulations of the country and also recommending to the Board, on the adoption of best accounting policies
b.3	Overseeing the process to ensure that the internal and risk management controls, are adequate, to meet the requirements of the SLFRS/LKAS	Yes	The AC assesses the role and the effectiveness of the Group Business Process Review division which is largely responsible for internal control and risk management.
b.4	Assessment of the independence and performance of the Entity's External Auditors	Yes	The AC assesses the external auditor's performance, qualifications and independence.
b.5	Make recommendations to the Board pertaining to External Auditors	Yes	The Committee is responsible for recommending the appointment, re-appointment or removal of External Auditors and also providing recommendations on remuneration and terms of Engagement.
c.1	Names of the Audit Committee members shall be disclosed	Yes	Corporate Governance
c.2	Audit Committee shall make a determination of the independence of the external auditors	Yes	Report of the Audit Committee.
c.3	Report on the manner in which Audit Committee carried out its functions.	Yes	Report of the Audit Committee.

Statement of Compliance under Section 9.3.2 of the Listing Rules of the CSE on Corporate Governance
Mandatory Provisions – Fully Compliant

Rule		Compliance Status	Reference (within the Report)
(a)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Notes to the Financial Statements
(b)	Details pertaining to Recurrent Related Party Transactions	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 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

Statement of Compliance pertaining to the Companies Act No. 7 of 2007
Mandatory Provisions – Fully Compliant

Rule		Compliance Status	Reference (within the Report)
168 (1) (a)	The nature of the business together with any change thereof	Yes	Annual Report of the Board of Directors
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	Board of Directors
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 – Voluntary Compliance

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) 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 Company and the John Keells Group.

Corporate Governance contd.

Code of Best Practice of Corporate Governance (2013) Jointly Issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL)

Voluntary Provisions - Fully Compliant

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
A. Directors				
A.1 The Board				
A.1	The Board	Company to be headed by an effective Board to direct and control the Company.	Yes	Corporate Governance
A.1.1	Frequency of Board Meetings	Board should meet regularly, at least once in every quarter of a financial year, in order to effectively execute board's responsibilities, while providing information to the board on a structured and regular basis.	Yes	Corporate Governance
A.1.2	Responsibilities of the Board	The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including: - ensuring the formulation and implementation of a sound business strategy; - ensuring that the management team possess the skills, experience and knowledge to implement the strategy; - ensuring the adoption of an effective Key Management Personnel succession strategy; - ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management; - ensuring compliance with laws, regulations and ethical standards; ensuring all stakeholder interests are considered in corporate decisions; - recognising sustainable business development in corporate strategy, decisions and activities; - ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations; and - fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.	Yes	Corporate Governance
A.1.3	Act in accordance with laws of the Country and access to professional advice	Procedure to obtain independent professional advice when deemed necessary at the Company's expense.	Yes	Corporate Governance
A.1.4	Access to advise and services of the Company Secretary	Ensure adherence to Board procedures and applicable rules and regulations.	Yes	Corporate Governance

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
A.1.5	Independent judgement	Directors should exercise independent judgement on issues of strategy, resources, performance (including key appointments) and standards of business judgement.	Yes	Corporate Governance
A.1.6	Dedication of adequate time and effort by Directors	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.	Yes	Corporate Governance
A.1.7	Board induction and training for Directors	The Directors should receive appropriate induction, training, hone skills and expand knowledge to more effectively perform duties.	Yes	Corporate Governance
A.2 Chairman and Chief Executive Officer				
A.2.1	Justification for combining the roles of the Chairman and the CEO	A balance of power and authority to be maintained by separating responsibility for conducting Board business from that of executive decision making.	N/A	N/A
A.3 Chairman's Role				
A.3.1	Ensure good corporate governance	Chairman to preserve order and facilitate effective discharge of Board functions by proper conduct of Board proceedings and meetings including ensuring: The effective participation of both EDS and NEDS; - all Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company; - a balance of power between EDs and NEDs is maintained; - the views of Directors on issues under consideration are ascertained; and - the Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.	Yes	Corporate Governance
A.4 Financial Acumen				
A.4.1	Possession of adequate financial acumen	Board to ensure adequacy of financial acumen and knowledge within the Board.	Yes	Corporate Governance
A.5 Board Balance				
A.5.1	Composition of Board	The Board should include a sufficient number of NEDs.	Yes	Corporate Governance
A.5.2	Proportion of Independent Directors	Two or one-third of the NEDs should be independent.	Yes	Corporate Governance
A.5.3	Definition of Independence	Independent Directors should be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.	Yes	Corporate Governance
A.5.4	Declaration of Independence	NEDs should submit a signed and dated declaration of their independence/ non-independence annually.	Yes	Corporate Governance

Corporate Governance contd.

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
A.5.5	Annual determination of criteria of independence/ non- independence and declaration of same by Board	The Board should annually determine and disclose the names of Directors deemed to be Independent.	Yes	Corporate Governance
A.5.6	Appointment of an alternate Director	If an alternate Director is appointed by a NED, such alternate Director should not be an executive of the Company.	N/A	N/A
A.5.7	Appointment of Senior Independent Director (SID)	If the roles of Chairman/CEO are combined, a Non-Executive Director should be appointed as a Senior Independent Director.	N/A	N/A
A.5.8	Availability of Senior Independent Director to other Directors	If warranted, the SID should be available to the other Directors for confidential discussions.	N/A	N/A
A.5.9	Interaction between Chairman and Non-Executive, Independent Directors	The Chairman should meet the NED/IDs at least once a year without the other Directors being present.	Yes	N/A
A.5.10	Directors concerns to be recorded	When matters are not unanimously resolved, Directors to ensure their concerns are recorded in Board minutes.	Yes	N/A
A.6 Supply of Information				
A.6.1	Provision of adequate information to Board	Management to ensure the Board is provided with timely and appropriate information	Yes	N/A
A.6.2	Adequacy of notice and formal agenda to be discussed at Board meetings	Board minutes, agenda and papers should be circulated at least seven days before the Board meeting.	Yes	Corporate Governance
A.7 Appointment to the Board				
A.7	Appointments to the Board	Formal and transparent procedure for Board appointments.	Yes	Corporate Governance
A.7.1	Nomination Committee	Nomination committee of the ultimate Parent Company may function as such for the Company and make recommendations to the Board on new Board appointments.	Yes	Corporate Governance
A.7.2	Annual assessment of Board composition	Nomination committee of Board should annually assess the composition of Board.	Yes	Corporate Governance
A.7.3	Disclosure of new Board appointments	Profiles of new Board appointments to be communicated to Shareholders.	Yes	Board of Directors
A.8 Re-election				
A.8.1	Appointment of Non-Executive Directors	Appointment of NEDs should be for specified terms and re-election should not be automatic.	Yes	Annual Report of the Board of Directors
A.8.2	Shareholders' approval of appointment of all Directors	The appointment of all Directors should be subject to election by Shareholders at the first opportunity after such appointment.	Yes	Annual Report of the Board of Directors

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
A.9 Appraisal of Board Performance				
A.9.1	Annual appraisal of Board performance	The Board should annually appraise how effectively it has discharged its key responsibilities.	Yes	Corporate Governance
A.9.2	Self evaluation of Board and Board Committee	The Board should evaluate its performance and that of its committees annually.	Yes	Corporate Governance
A.9.3	Declaration of basis of performance evaluation	The Board should disclose how performance evaluations have been carried out in the Annual Report.	Yes	Corporate Governance
A.10 Disclosure of Information in respect of Directors				
A.10.1	Biographical Profiles and relevant details of Directors to be disclosed	Annual Report should disclose the biographical details of Directors and attendance at Board/ Sub-Committee meetings.	Yes	Board of Directors
A.11 Appraisal of the CEO				
A.11.1	Short, medium and long term, financial and non-financial objectives to be set	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the CEO during the year.	N/A	N/A
A.11.2	Evaluation of CEO performance	The performance of the CEO should be evaluated by the Board at the end of the year.	N/A	N/A
B. Directors Remuneration				
B.1 Remuneration Procedure				
B.1.1	Appointment of Remuneration Committee	The Board of Directors should set up a Remuneration Committee to make.	Yes	Corporate Governance
B.1.2	Composition of Remuneration Committee	Remuneration Committee should consist of NEDs.	Yes	Corporate Governance
B.1.3	Disclosure of members of Remuneration Committee	The Annual Report should disclose the Chairman and Directors who serve on the Remuneration Committee.	Yes	Corporate Governance
B.1.4	Remuneration of Non-Executive Directors	Board to determine the level of remuneration of NEDs.	Yes	Corporate Governance
B.1.5	Consult Chairman and/ or CEO on proposals on remuneration	Remuneration Committee should consult the Chairman about its proposals relating to the remuneration of other Executive Directors and should have access to professional advice in order to determine appropriate remuneration for Executive Directors.	Yes	Corporate Governance

Corporate Governance contd.

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
B.2 Level and Make Up of Remuneration				
B.2.1 to B.2.4	Performance related elements in pay structure and alignment to industry practices	- Packages should be structured to attract, retain and motivate EDs. - Packages should be comparable and relative to that of other companies as well as the relative performance of the Company. - When determining annual increases remuneration committee should be sensitive to that of other John Keells Group companies. - Performance related elements of remuneration should be aligned with interests of Company.	Yes	Corporate Governance
B.2.5	Share options	Executive share options should not be offered at a discount.	Yes	Corporate Governance
B.2.6 to B.2.9	Remuneration packages for Non-Executive Directors	In designing schemes of performance-related remuneration, Remuneration Committees has complied with the relevant provisions and have reflected time, commitment and responsibilities of role and in line with existing market practice.	Yes	Corporate Governance
B.3 Disclosure of Remuneration				
B.3.1	Disclosure of details on remuneration	The Annual Report should set out the names of Directors (or persons in the parent company's committee in the case of a group company) comprising the remuneration committee, contain a Statement of Remuneration Policy and set out the aggregate remuneration paid to the EDs and NEDs.	Yes	Corporate Governance and Note 9 to the Financial Statements
C. Relations with Shareholders				
C.1 Constructive Use and Conduct of Annual General Meeting (AGM)				
C.1.1	Proxy votes to be counted	The Company should count and indicate the level of proxies lodged for and against in respect of each resolution.	Yes	Form of Proxy
C.1.2	Separate resolutions	Separate resolutions should be proposed for substantially separate issues.	Yes	N/A
C.1.3	Availability of Chairman's of Committees at AGM	The Chairman of Board should arrange for the Chairman of Audit, Remuneration and Nomination to be available to answer any queries at AGM.	Yes	N/A
C.1.4	Notice of AGM	15 working days notice to be given to shareholders	Yes	Notice of Meeting
C.1.5	Procedure for voting at meetings	Company to circulate the procedure for voting with Notice of Meeting.	Yes	Notice of Meeting
C.2 Communication with Shareholders				
C.2.1	Channel of Communication	Channel to reach all shareholders to disseminate timely information.	Yes	All reports
C.2.2 - C.2.7	Policy and Methodology of Communication	Policy and Methodology of communication with shareholders and implementation of it according to the Code.	Yes	Corporate Governance
C.3 Major and Material Transactions				
C.3.1	Disclosure of Major Transactions	Disclosure for all material facts involving all material transactions including related party transactions.	Yes	Note 28 of the notes to the Financial Statements

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
D. Accountability and Audit				
D.1 Financial Reporting				
D.1.1	Presentation of Public Reports	Should be balanced, understandable and comply with statutory and regulatory requirements.		Financial Statements
D.1.2	Directors' Report	▪ The Directors' Report should be included in the Annual Report and confirm that, ▪ The Company has not contravened laws or regulations in conducting its activities ▪ Material interests in contracts have been declared by Directors ▪ The Company has endeavoured to ensure equitable treatment of shareholders ▪ That there is reasonable assurance of the effectiveness of the existing business systems following a review of the internal controls covering financial, operational and compliance ▪ That the business is a "going concern"	Yes	Statement of Directors' Responsibility and Annual Report of the Board of Directors
D.1.3	Respective responsibilities of Directors and Auditors	The Annual Report should contain separate statements setting out the responsibilities of the Directors for the preparation and presentation of the Financial Statements and the reporting responsibilities of the Auditors.	Yes	Annual Report of the Board of Directors Independent Auditors' Report
D.1.4	Management Discussion and Analysis	Annual report to include section on Management Discussion and Analysis.	Yes	Management Discussion and Analysis
D.1.5	Going Concern	Directors to substantiate and report that the business is a going concern or qualify accordingly	Yes	Annual Report of the Board of Directors
D.1.6	Serious Loss of Capital	Directors to summon an Extraordinary General Meeting in the event that the net assets of the Company are less than half of its stated capital	N/A	N/A
D.1.7	Related Party Transactions	Disclosure of Related Party Transactions.	Yes	Note 28 to the Financial Statements
D.2 Internal Control				
D.2.1	Effectiveness of system of internal controls	Directors to annually conduct a review of the effectiveness of the system of internal controls. This responsibility may be delegated to the Audit Committee.	Yes	Audit Committee Report
D.2.2	Internal Audit Function	The internal audit function in Group companies is not outsourced to the external auditor of that Company in a further attempt to ensure external auditor independence.	Yes	N/A
D.2.3 D.2.4	Continuity of Internal control	Maintaining a sound system of internal control according to the provisions of the code.	Yes	Corporate Governance

Corporate Governance contd.

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
D.3 Audit Committee				
D.3.1	Chairman and Composition of Audit Committee	Should comprise a minimum of two NED/IDs Audit Committee Chairman should be appointed by the Board.	Yes	Corporate Governance
D.3.2	Duties of Audit Committee	Compliance with all requirements set out in D.3.2.	Yes	Audit Committee Report
D.3.3	Terms of Reference/ Charter	The Audit Committee should have a written Terms of Reference which define the purpose of the Committee and its duties and responsibilities.	Yes	Audit Committee Report
D.3.4	Disclosure	- The Annual Report should disclose the names of Directors serving on the Audit Committee - The Audit Committee should determine the independence of the Auditors and disclose the basis of such determination - The Annual Report should contain a report by the Audit Committee setting out the manner of the compliance of the Company during the period to which the report relates	Yes	Audit Committee Report
D.4 Code of Business Conduct and Ethics				
D.4.1	Adoption of Code of Business Conduct and Ethics	The Company must adopt a Code of Business Conduct and Ethics for Directors and members of the senior management team and promptly disclose any violation of the Code.	Yes	Corporate Governance
D.4.2	Chairman's affirmation	The Annual Report must include an affirmation by the Chairman that he is not aware of any violation of the provision of the Code of Conduct.	Yes	Corporate Governance
D.5 Corporate Governance Disclosures				
D.5.1	Corporate Governance Report	The Annual Report should include a report setting out the manner and extent to which the Company has adopted the principals and provisions of the Code of Best Practice on Corporate Governance.	Yes	Corporate Governance
E. Institutional Investors				
E.1 Structured Dialogue				
E.1.1	Structured Dialogue with Shareholders	A regular and structured dialogue should be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman	Yes	N/A
E.2	Evaluation of Governance Disclosure by Institutional Investors	Institutional investors should be encouraged to consider the relevant factors drawn to their attention with regard to Board structure and composition.	Yes	N/A
F. Other Investors				
F.1	Individual Investors	Individual shareholders should be encouraged to carry out adequate analysis and seek professional advice when making their investment/divestment decisions	Yes	N/A
F.2	Shareholder Voting	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	Yes	N/A
G. Sustainability Reporting				
G.1- G.1.7	Sustainability Reporting	Disclosure on adherence to sustainability principles.	Yes	Operational Highlights

Report of the Human Resources and Compensation Committee

The Human Resource and Compensation Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration philosophy, strategy, policies and practice and, performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the Chief Executive Office ("CEO"), the other Executive Directors, and key executives who support and implement decisions at an apex level, the overall business strategy and make recommendation thereon to the Board of Directors. The Committee also reviews and monitors the performance of the Group's top talent for purposes of organizational growth and succession planning, with particular emphasis on succession at key executive level.

In performing this role, the Committee is conscious of the need to ensure that stakeholder interests are aligned, the Group is able to attract, motivate and retain talent and ensure their loyalty; the integrity of the Group's compensation and benefits programme is maintained and importantly, that the compensation policy and schemes are compliant with applicable laws and regulations.

In this context, the Committee determined the remuneration of the Executive Directors including the Chairman-CEO in terms of the methodology set out by the Board, upon an evaluation of their performance by the Non-Executive Directors. The evaluation of the members of the Group Executive Committee (GEC) 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.

As per the mandate outlined, the 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 ESOPs were executed in accordance with the approvals given by the Board, based on discussions conducted between the Committee and the Management.



D A Cabraal

Chairman of the Human Resources and Compensation Committee

20th May 2022

Nominations Committee Report

The Nominations Committee of the Company as at 31 March 2022, consisted of the following members:

Mr J Durairatnam(INED*) – *Chairman*

Mr K N J Balendra (NED*)

Mr A S De Zoysa (INED*)

* *NED-Non-Executive Director INED-Independent Non-Executive Director*

During its annual self-review, the Committee reaffirmed its mandate as follows:

- To identify suitable persons who could be considered for appointment as a director to the boards of the Company and its parent Asian Hotels and Properties PLC, as Non-Executive Directors.
- To review the structure, size, composition and skills of the Board of the Company and its subsidiary.
- To ensure that every appointee undergoes an induction.
- To make recommendation on matters referred to it by the Board.

During the reporting period, the Committee recommended that:

- 1) that Ms. A Nanayakkara be appointed as an Independent Non-Executive Director of Asian Hotels and Properties PLC, with effect from 25th June 2021.
- 2) that Mr. H A J De S Wijeyeratne be appointed as an Independent Non-Executive Director of the Company, with effect from 25th June 2021.

The Committee continues to work with the Company 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 Board Evaluation.



J Durairatnam

Chairman of the Nominations Committee

20th May 2022

Related Party Transactions Review Committee Report

The following Directors served as members of the Committee during the financial year:

Ms. M P Perera
Mr. A N Fonseka
Mr. D A Cabraal

The Chairman-CEO, Deputy Chairman/ Group Finance Director, and Group Financial Controller attended meetings by invitation. The Head of Group Business Process Review served as the Secretary to the Committee.

The objective of the Committee is to exercise oversight on behalf of the Board of John Keells Holdings PLC and its listed Subsidiaries, 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 the 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 the parent, John Keells Holdings PLC, and all its listed subsidiaries, namely: John Keells PLC, Tea Smallholder Factories PLC, Asian Hotels and Properties PLC, Trans Asia Hotels PLC, John Keells Hotels PLC, Ceylon Cold Stores PLC, Keells Food Products PLC, and Union Assurance PLC.

Recurrent RPTs as well as the disclosures & assurances provided by the senior management of the listed companies in the Group in relation to such transactions, in terms of formulated guidelines so as to validate compliance with sec 9.5(a) of the listing rules and thus exclusion from the mandate for review & pre-approval by the Committee, 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 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 in the Corporate Governance Report.

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.



M P Perera
Chairperson of the Related Party Transaction Review Committee

20th May 2022

Risk Management

Risk Management remains an integral part of the organisational processes of Trans Asia Hotels PLC, enabling us to respond to emerging dynamics with agility and resilience. The Company is exposed to a range of external and internal risks which are effectively identified, managed and monitored through a stringent risk governance framework, thereby safeguarding shareholder wealth and Company assets and ensuring commercial and social sustainability.

The operating environment that prevailed in 2021/22 was extremely challenging and marked the third consecutive years of extraordinary difficulty for the country's hospitality sector. As the Company was set to emerge from the pandemic, following Sri Lanka's largely successful vaccination drive, the latter part of the year has seen unprecedented macro-economic pressure impacting travel sentiments and daily operations. The Company's performance in these conditions has been commendable and is a testament to its ability to effectively manage risk while capitalising on emerging opportunities in a timely manner.

Managing risks effectively and facilitating the processes of a good risk governance system is an organisation-wide responsibility. Our framework is broadly aligned to policy and structures set out by the John Keells Group Sustainability and Enterprise Risk Management (ERM Division) which supports the Company through ongoing reviews, assessments as well as guidance on the implementation processes. As a Company, we are accountable for allocating the required level of resources to manage risks successfully, with the intention of safeguarding company assets on behalf of our shareholders and other stakeholders.

Elements of our Risk Management Framework



RISK GOVERNANCE

The business unit bears responsibility for the oversight on the ERM process and review of the risk assessment outcomes on a bi-annual basis and is assisted in the discharge of duties by the Audit Committee which has oversight responsibility for matters relating to risk and internal control. The John Keells Group Business Process Review (GBPR) Division together with the outsourced Internal Auditors support the Audit Committee in performing its role of assurance through regular reviews and recommendations on the robustness of the internal control systems in place. The risk management team of the company comprises of the General Manager, Heads of Departments and Health and Food Hygiene Executive.

RISK MANAGEMENT PROCESS

The risk management process at Trans Asia Hotels PLC involves a detailed evaluation of both financial and operational risks faced by the Company, along with a deliberation of possible risks arising from the impacts on the environment, employees, and the community.

Ongoing review, assessment and guidance by the John Keells Group Enterprise Risk Management (ERM) division ensures alignment with John Keells Holdings PLC (Parent) Risk Management policies.

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 Company. The system provides a real time and comprehensive assessment of the Company'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, builds agility and readiness in the face of fast evolving risks.

John Keells Holdings Group Risk Management Process



The ERM Framework adopted by the John Keells Group and implemented by the Company involves the following:

1. Identification of Types of Risk
 - Risk Event**- Any event with a degree of uncertainty which, if it occurs, may result in the Organisation or Business Unit failing to meet its stated objectives.
 - Core Sustainability Risks**- Core Sustainability Risks are defined as those risks having a catastrophic impact to and from the organisation but may have a very low or nil probability of occurrence.
2. Establishment of a Risk Register with Likelihood of Occurrence and Severity of Impact. Using Group guidelines, a risk grid is established for the Company. Every risk is analysed in terms of Likelihood of Occurrence and Severity of Impact and assigned a score ranging from 1 (low probability/impact) to 5 (high probability/ impact) to signify the probability of occurrence and the level of impact to the organisation.
Please see Risk Matrix below for further details.
3. Establishment of Level of Risk Based on the values assigned for each individual risk, using the matrix given in Table below. The level of risk is established by multiplying the Likelihood of Occurrence with Severity of Impact.

Risk Management contd.

Risk Matrix

Impact/Severity	5	Catastrophic/Extreme Impact	5	10	15	20	25
	4	Major/Very High Impact	4	8	12	16	20
	3	Moderate/High Impact	3	6	9	12	15
	2	Minor Impact	2	4	6	8	10
	1	Low/Insignificant Impact	1	2	3	4	5
			Rare/Remote to Occur	Unlikely to Occur	Possible to Occur	Likely to Occur	Almost Certain to Occur
			1	2	3	4	5
			Occurrence/Likelihood				

The Colour Matrix implies the following;

Priority Level	5	4	3	2	1
Colour code	Ultra High	High	Medium	Low	Insignificant
Score	13-25	10-12	7-9	3-6	1-2

RISK MANAGEMENT STRATEGY

The Company's risk management strategy is integrated with its sustainability management framework and Corporate Social Responsibility (CSR) functions, enabling a holistic approach towards the identification, management and mitigation of risk. Risk Management therefore extends beyond managing the operational and financial risks faced by the Company, to incorporate broader environmental, community, employee, value chain and other non-financial risks related to the triple bottom-line approach of the Company, providing a foundation for productive engagements with internal and external stakeholders.

PRINCIPAL RISKS IN 2021/22

All risks are reviewed by the Risk Management Team headed by the General Manager of the Company as a means of validating the risk process at Business Unit level. The significant risk areas that impact the achievement of the strategic business objectives of the Company and the measures taken to address these risks are discussed below.

Risk	Mitigating Actions	Current Assessment
Pandemic risk (COVID-19) - Loss or closure of business due to travel restrictions, obstructions to business continuity and health and safety of guests and staff - Negative publicity and implications on Customer footfall	Preventive–Adherence to stringent health and safety regulations including compliance to the Safe & Secure certification issued by the SLTDA, Government of Sri Lanka and Health authorities and maintain recommended hygiene practices. Detective–Random PCR testing on employees, staff trainings on COVID-19 symptoms, Collection of data on recent health conditions of guests and staff and association declaration relating to COVID-19 measurements daily. Corrective–Diversification of revenue sources through a focus on F&B income and other supplementary services, Expenditure control measures, stress tests, weekly dashboard monitoring of financial and non-financial KPIs.	Impact-High Likelihood of occurrence-High Risk Rating-High Trend ▼
Financial risks including credit, liquidity and interest rate risks - Exposure and losses due to default of settlement by debtors - Inability to meet financial commitments on due dates - Increased cost of debt	Preventive–Stringent credit policy and controls to mitigate the impact of default, regular review of credit limits, capital investments are planned in a manner which would not adversely impact on the cashflows and gearing position, continuous monitoring of markets Detective–Ongoing monitoring against collection targets with progressive action, regular review mechanisms to monitor the Company's performance against budgets Corrective–Regular internal audits	Impact-High Likelihood of occurrence-High Risk Rating-High Trend ▲
Disruption to business due to fuel crisis - Inability to run the generator during power outages - Inability of staff to report to work	Preventive–Increase frequency and quantity of fuel purchased to power the generator, increase par level of stocks. Detective–Continuous monitoring and Identification of alternative suppliers Corrective–Seek alternate sources of power supply	Impact-High Likelihood of occurrence-High Risk Rating-High New Risk
Supply chain disruptions/Shortages Inability of our suppliers to fulfill delivery requirements in terms of quality and price can lead to negative impacts on service quality and margin pressure. Short supply of raw material could result in disruption to operations.	Preventive– Review supplier standards, maintenance of agreements, supplier forums and continuous monitoring Detective– Identification of alternative suppliers and supplier audits Corrective–Modifying the menus and ordering process accordingly, robust supplier engagement	Impact-High Likelihood of occurrence-High Risk Rating-High Trend ▲

Risk Management contd.

Risk	Mitigating Actions	Current Assessment
Business Risk - Increased competitiveness in the industry - Cost increases due to continuously improving product quality standards in line with competitors	Preventive -Pricing, refurbishment, retention of talent, training and development of staff, product and service upgrades are carried out to be competitive with industry counterparts Detective -Pricing strategies are scrutinised with competitor pricing and other available offers Corrective -Monitoring of guest reviews and rankings, increased marketing efforts including social media strategies and review of pricing strategies	Impact-High Likelihood of occurrence-High Risk Rating- High Trend ►
Exchange rate fluctuations - Increase in cost of purchases - Realised losses on US Dollar loan repayments - Fluctuations in room-based revenue	Preventive -Monitoring of market movements and trends of exchange rates Detective -Ongoing engagement with Group Treasury Corrective -Natural hedging options such as invoicing and accepting payments in the same currency and engaging proactively with banks to obtain the best possible rates	Impact-High Likelihood of occurrence-High Risk Rating-High Trend ►
Brand and reputation risk Our reputation on social media will directly impact our ability to attract customers	Preventive -Maintaining brand standards, health and safety standards and high guest & associate satisfaction levels Detective -Continuous monitoring of social media Corrective -Responding immediately to guest concerns and addressing any areas of weaknesses	Impact-High Likelihood of occurrence-Low Risk Rating-Low Trend ►
Food Safety This has an immediate impact on the health and safety of our guests, staff and reputation	Preventive -ISO 22000 food safety management certification supported by associate training on basic food hygiene and establishing systematic waste disposal methods Detective -Regular audits and third-party microbiological testing, regular medical checks for food handlers, cleaning, regular sanitisation and pest control schedules Corrective -Public relations handling by duty managers and immediate action for damage control	Impact-High Likelihood of occurrence-Low Risk Rating-Low Trend ►
Equipment/Machinery breakdown Breakdown can cause disruption to operations, adversely impacting our services and guest experiences resulting in loss of reputation and increased costs	Preventive - Regular preventative maintenance programs are carried out Detective -Regular inspections, supervision and monthly maintenance Corrective -Maintenance is done on a needs basis upon identification of issues from detective measures or breakdown incidents	Impact-High Likelihood of occurrence-Low Risk Rating-Low Trend ►
IT Risks Loss of data due to IT System failure, unauthorised control of critical assets and not keeping up with the latest technological developments in the industry, drop in service levels, loss of data and loss competitive advantage will result from these risks	Preventive -Using back up servers, updating of firewalls, service contracts of storage in alternate locations, disaster recovery plans, being updated on the latest technological advances in the industry Detective -Monitoring potential threats through regular internal audits and implementation of the cybersecurity framework Corrective -Maintain hardware redundancy, immediate measures take to correct on identified deficiencies	Impact-High Likelihood of occurrence-Low Risk Rating-Low Trend ►

Risk	Mitigating Actions	Current Assessment
Country Risks - Acts of terrorism can cause disruptions to operations, loss of life/injury and damage property and equipment - Civil unrest and Breakdown of law and order - Natural Disasters	Preventive—Additional security arrangements including additional security personnel and CCTV, continuous lobbying with the Government agencies and industry personnel, review of business continuity plans, fire and safety drills, Annual evacuation drills, Business Continuity Plan reviews, signage and evacuation plans Detective—Installation of baggage X-ray machines, walk through metal and explosive detectors, vehicle checks, fire safety certifications, Monitoring of Political and External environment Corrective—Business Continuity Plans, signage and evacuation plans, adequate insurance covers, backup plans for data, monitoring of external environment, Emergency preparedness plans in place	Impact-High Likelihood of occurrence-High Risk Rating-High Trend ▲
Employee Risks Loss of key staff due to increased global and local competition	Preventive—Great Place to Work certification, staff welfare, building loyalty, review of remuneration packages Detective—Cinnamon Employee Survey Corrective—Training pool	Impact-High Likelihood of occurrence-High Risk Rating-High Trend ▲
Corruption and Fraud - Risk to reputation - Lack of transparency - Financial loss	Preventive—Continuous training of staff, regular review of policies, whistle blowing mechanisms Detective—Internal audit and spot checks Corrective—Staff training, Internal audit and loss recovery process	Impact-Low Likelihood of occurrence-Low Risk Rating-Low Trend ►

► Risk rating unchanged compared to previous year

▲ Risk rating increased compared to previous year

▼ Risk rating decreased compared to previous year

Management Discussion & Analysis

OPERATING ENVIRONMENT

Global Tourism: Global tourism industry demonstrated slow recovery in the calendar year (CY) 2021, with international tourism arrivals increasing by 4% in CY 2021 in comparison to CY 2020, although remaining 72% below the pre-pandemic levels in 2019. The slow rate of recovery is attributed to varying vaccination rates, easing of mobility restrictions as well as traveler confidence across the world. Asia and the Pacific saw the slowest level of recovery as arrivals were still 94% lower than the pre-pandemic volumes.

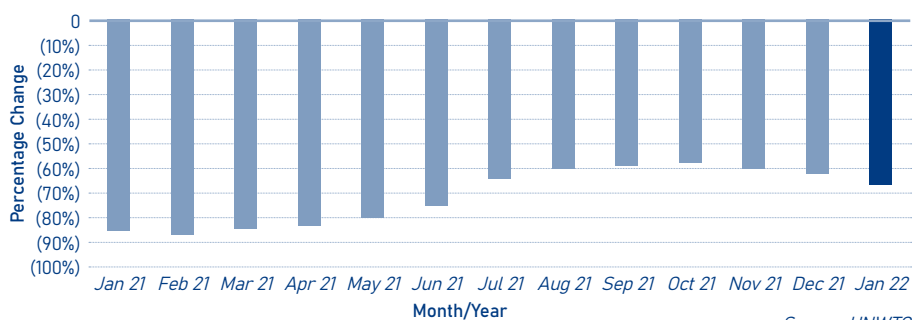
The Pandemic

The pandemic appears to be loosening its grip on the world albeit gradually, as the COVID-19 related deaths worldwide appear to be abating. That said, the recovery has seen setbacks with the emergence of high-transmissible variants, which have led to periodic surges in infections resulting in border closures and travel restrictions. Wider access to vaccinations, together with increasing adaptability to post-pandemic realities, have driven recovery of economic activity and global travel across the world. Presently, more than 5.13 Billion people worldwide, which accounts for around 66.9% of the world population, have received at least one dose of COVID-19 vaccine.

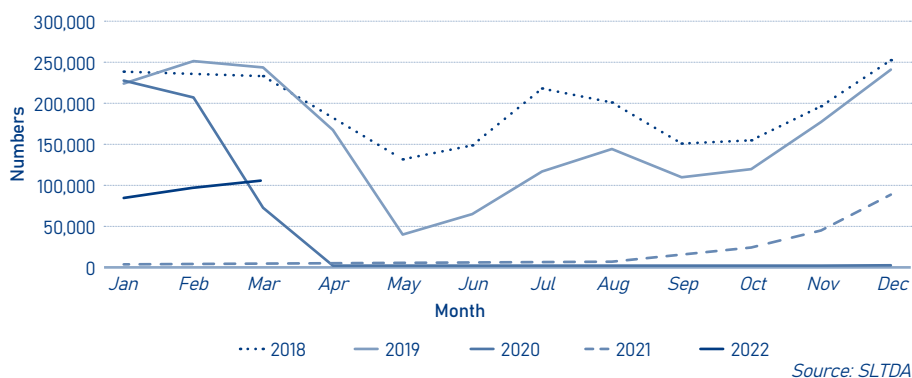
Sri Lankan Tourism Industry

The Sri Lankan tourism industry experienced its third consecutive year of challenges, following the Easter Sunday attacks and political instability in 2019, the COVID-19 pandemic in 2020 and 2021 and severe macro-economic stress in the year under review. As Sri Lanka entered the second year of the pandemic, the surge in infections in April 2021 led to periodic lockdowns, adversely impacted travel sentiments. That said, the industry demonstrated its characteristic resilience towards the latter part of the CY 2021 and early 2022, with tourist arrivals recording gradual

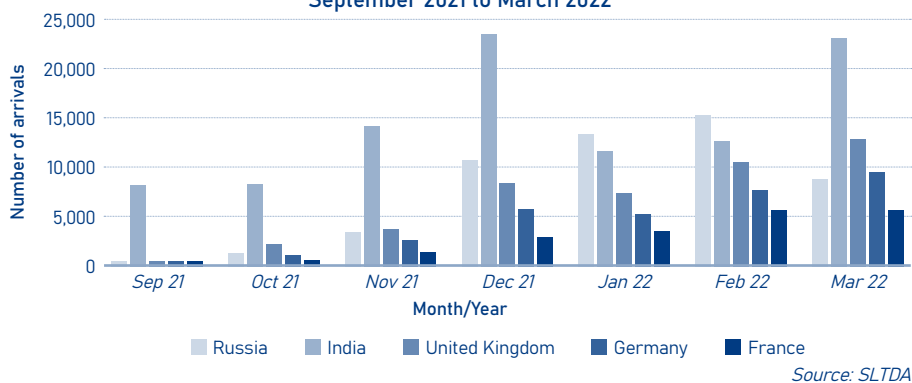
International Tourist Arrivals (% comparison to 2019)



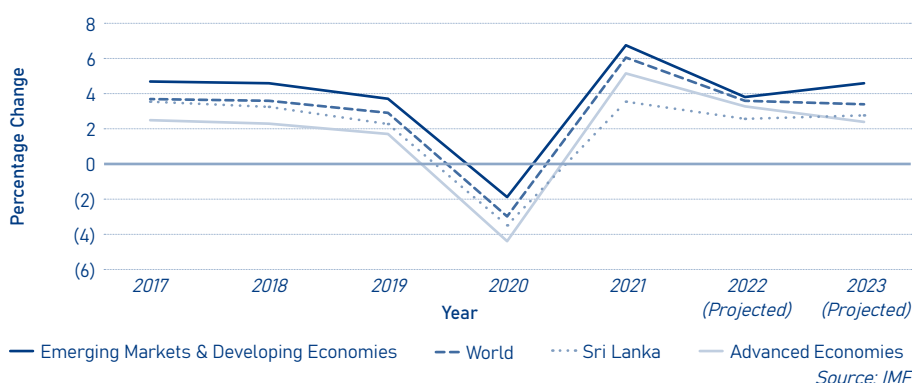
Tourist Arrivals January 2018-March 2022



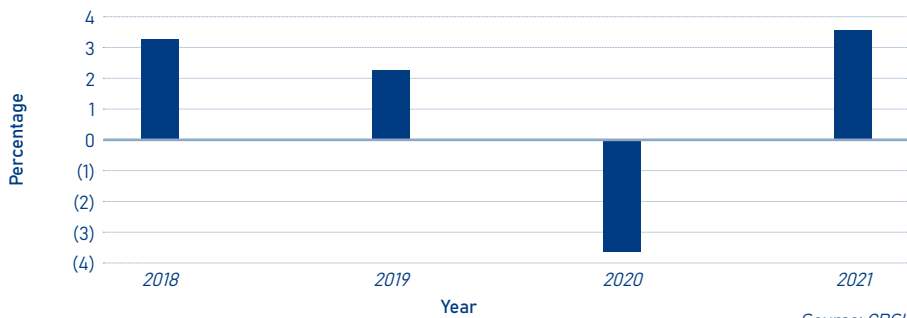
Top 5 Source Markets
September 2021 to March 2022



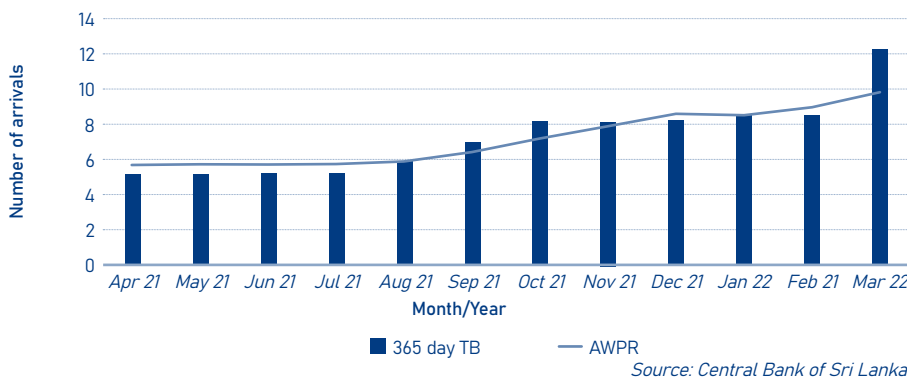
Real GDP Growth (Annual Percent Change)



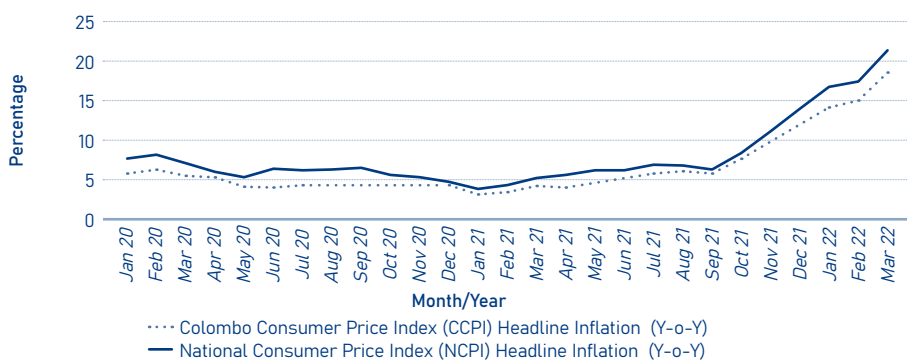
GDP Growth of Sri Lanka



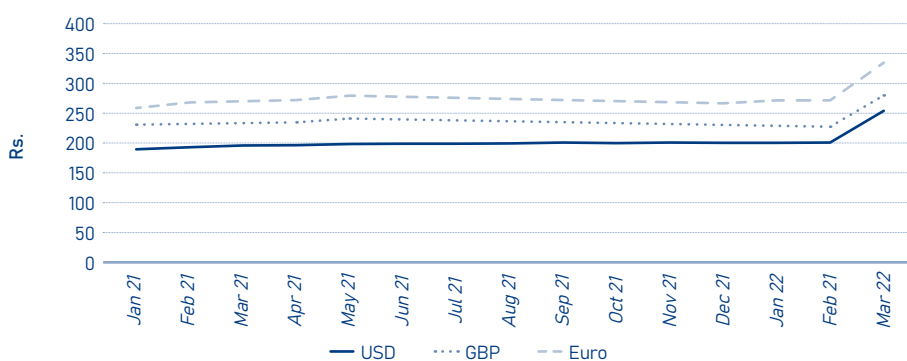
Interest Rates



Inflation - Sri Lanka



Exchange Rate



recovery. Total arrivals neared 195,000 in the CY 2022 and improved further in the first quarter of the CY 2022 with total arrivals of 285,334 up to March 2022. Russia, India, United Kingdom, Germany and France were Sri Lanka's top five tourist generating markets from September 2021 to March 2022, with India maintaining its position as the largest single market. Arrivals from Russia recorded a steady increase until February 2022, before slowing down in March 2022 due to the Russia-Ukraine conflict.

Outlook: The ongoing economic crisis and political instability is likely to have inevitable implications on the tourism industry, overshadowing the momentum gained during the last quarter of the financial year. The shortage in essential items including energy, fuel and medicines remain a key concern and is likely to deter international arrivals. That said, a resolution to the country's political crisis and the gradual recovery of economic conditions with appropriate policy measures could signal a rapid turnaround for the tourism industry.

Global Economic Growth

Global economic growth firmed to 5.9% in the CY 2021, with advanced economies showing good recovery following unprecedented fiscal stimulus measures and the gradual easing of restrictions. Recovery remained uneven however, reflecting partial mobility restrictions across borders at different intervals, volatility in commodity prices, supply chain disruptions and geopolitical tensions. These pressures together with potential economic scarring from the Ukrainian-Russian conflict has dimmed the outlook for 2022, with the IMF projecting growth to moderate at 4.4% during the year.

Management Discussion & Analysis contd.

Sri Lankan Economy

Sri Lanka's current economic crisis presents the most significant risk to the tourism industry and the Company in the immediate term. The country's GDP growth recovered to 3.7% in the CY 2021 (from a contraction of 3.6% in 2020); following strong rebound in the first quarter of the year, economic activity moderated following the surge in COVID-19 infections and lockdowns in the 2nd quarter. While pandemic-led disruptions eased towards the latter part of the year, this recovery was overshadowed by Sri Lanka's deepening macro-economic vulnerabilities.

External Sector: Worker remittances, one of the Country's biggest sources of foreign exchange fell to a ten year low to US\$5.59 Billion in CY 2021 as the soft-Dollar peg and liquidity injections restricted convertibility, triggering a shift to more unofficial parallel markets. The external sector was further pressured by a 62% decline in tourism earnings, which together with significant international debt repayments inserted significant pressure on the country's external position. Meanwhile, the country's trade deficit also widened to US\$8.1 Billion in CY 2021 from US\$6 Billion in the CY 2020 by 35%, as rising import bills offset the increase in export earnings, despite import restrictions on non-essential goods.

Interest Rates: Interest rates increased during the year in review, as monetary policy measures were refocused to address the demand driven inflationary pressures, preserve foreign exchange for the importation of essentials and stabilize the exchange rate of the currency. Accordingly, a tightening monetary policy stance was adopted by the Central Bank of Sri Lanka, with several increase in policy rates during the year, which resulted in the gradual uptick of market interest rates by end of financial year (FY) 2021/22.

Inflation: Sri Lanka's inflationary pressures escalated during the year, reaching its highest level since October 2008. High aggregate demand, domestic supply disruptions, the increase in global commodity prices, and the sharp devaluation of the local currency led to escalation inflation levels, with the NCPI reaching 21.5% as at March 2022, compared to 5.1% in March 2021. Much of the inflationary pressure in March 2022 is weighing in from food items such as bread, seafood, vegetables (30.2%) and non-food items such as electricity, gas and housing (13.4%).

Exchange Rate: The Sri Lankan Rupee traded within a relatively tight band for most of the FY 2021/22 against the US Dollar. However, as the Central Bank of Sri Lanka allowed greater flexibility in the exchange rate and floated the currency on the 7th of March 2022, the Rupee recorded sharp depreciation during the last month of the financial year, falling by 30% year on year (March 2022 versus March 2021) against the US Dollar. The Rupee weakened further in ensuing weeks.

Outlook: The ongoing economic crisis presents the most significant risk to the Company's operations in the immediate to short-term. The present political instability and potential social unrest is likely to deter international travel while the sharp increase in inflation and interest rates, together with impending fiscal consolidation measures are likely to affect the discretionary spending of local patrons. Meanwhile, the significant increase in imported input materials (particularly food and beverages) and the escalation in energy prices is expected to pressure profitability margins. Despite the inevitable short-term pressures, given the implementation of much needed fiscal discipline and reforms, together with the appropriate policy response could support economic recovery in the medium-to-long term.

Financial Performance

OPERATING ENVIRONMENT



- Gradual easing of restrictions saw growth in customer footfall to the restaurants and an increase in banquets resulting in strong rebound of F&B Revenue
- Periodic border closures, lockdowns and variants of the contagion resulted in relatively low occupancy levels during the first half of the year, which gradually improved towards the 3rd and 4th quarters

STRATEGIC FOCUS



- Focus on attracting domestic customers through attractive offers.
- Stringent mechanisms to ensure the safety of guests and employees.
- Efficient working capital management and preserving liquidity by deferring non-essential, non-discretionary expenditure.
- Optimizing resource management.

PERFORMANCE



- Turnaround in performance, with a Profit after tax of Rs. 4 Mn from a loss of Rs. 819 Mn the previous year supported by improved operating level performance and fair value gains
- Revenue growth of 124% to Rs. 1.8 Bn.

WAY FORWARD



- Short to medium term expected to be pressured due to current economic pressures.
- Ongoing efforts to attract domestic customers and increase footfall at restaurants.
- Optimistic regarding the industry's long term growth potential.

REVENUE

The Company's Revenue increased by 124% to Rs. 1.8 Bn during the financial year, supported by broad-based improvement in all revenue categories in comparison to the previous year. F&B recorded strong rebound with a growth of 96% y-o-y, as the Company leveraged its competencies in F&B to drive increased footfall to its flagship restaurants. Meanwhile, as social distancing restrictions were eased there was an increase in the number of banquets and other F&B revenue. Room revenue increased over 10-fold (albeit a low base) to Rs. 432 Mn during the year reflecting a slow but gradual increase in tourist arrivals to the Country. Room revenue was also upheld by the Hotel's partnerships with sports bodies which enabled it to cater to sports teams that travelled inward to the Country as a part of bio bubbles (refer to the Operational Review on page 55 for further information). Resultantly, the Hotel's average occupancy rate for the year amounted to 24% during the year.

Revenue Strategy: The Company's performance was impacted by periodic border closures, particularly during the first half of the year. During this period the Company placed strategic emphasis on attracting domestic guests through promotions and offers. This, together with the release of pent-up demand for out of home dining experiences led to faster-than-anticipated recovery in F&B Revenue. Our F&B revenue was also supported by our online food delivery platform 'Flavours' which recorded strong growth during the year and allowed us to deliver our renowned F&B offerings right to the homes of our patrons.

COST MANAGEMENT

Cost of sales increased by 62% while gross profit margin widened to 41% (from 18% the previous year) reflecting significantly higher activity levels when compared to the previous year. Administrative expenses declined by 29% during the financial year in review reflecting the provision made for doubtful debtors amounting to Rs. 276 Mn during the previous year

and organisation-wide efforts made to improve efficiencies and optimise the utilisation of resources. We continued to effectively manage working capital through proactive negotiations with our banking partners and suppliers. Sales and Marketing expenses increased by 78% as the Company renewed its marketing efforts during the year.

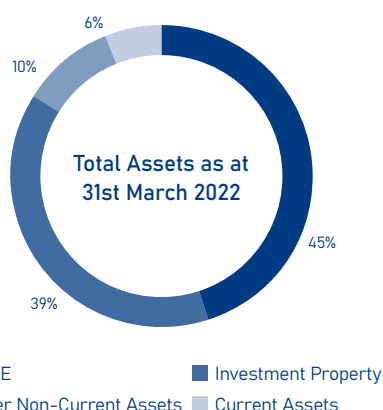
PROFITABILITY

The Company recorded an improvement in core performance, with Operating losses declining to Rs. 42 Mn, from a loss of Rs. 816 Mn the previous year. Net finance costs increased to Rs. 120 Mn from Rs. 20 Mn the previous year, reflecting exchange losses of Rs. 79 Mn on the Company's dollar-denominated borrowing and an increase in the overdraft facility. Overall profitability was, however, upheld by fair value gain of Rs. 167 Mn generated on the Company's investment property. Resultantly, the Company was able to record a pre-tax profit of Rs. 4.9 Mn during the financial year compared to a loss of Rs. 946 Mn during the previous year. Profit after tax for the year amounted to Rs. 4.1 Mn, compared to a loss of Rs. 819 Mn in 2020/21.

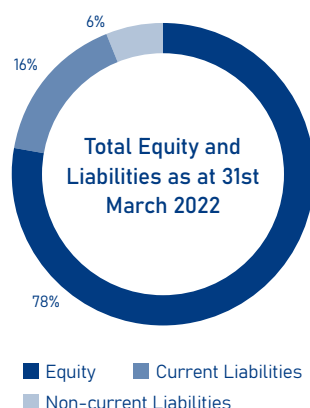
Financial Performance contd.

FINANCIAL POSITION

Assets: Despite unprecedented challenges in the last few years, the Company maintained a strong financial position, characterised by a healthy equity base and relatively low exposure to borrowings. During the year, total assets increased by 5% to Rs. 7.5 Bn mainly due to an increase in working capital requirements. Inventories and Trade receivables increased by 89% and 207% respectively, reflecting increased operational activity, escalating costs and conscious measures to increase inventory levels given disruptions to supply chains. Given the conditions that prevailed during the year and potential liquidity pressures, the Company curtailed its capital expenditure to the most essential requirements.



Capital & Funding: Total liabilities increased by 25%, driven by an expansion in short term borrowings as the Company relied on overdraft facilities to bridge the short-term working capital requirements. Total borrowings increased by 47% to Rs. 705 Mn during the year, comprising overdrafts of Rs. 468 Mn and other borrowings of Rs. 236 Mn, which includes a dollar denominated loan of USD 0.75 Mn. The Company has also availed itself of the moratoriums on borrowings granted for leisure sector entities, which is set to end in June 2022. The Company's total equity increased marginally to Rs. 5.9 Bn and funded 78% of the Company's total assets as at end-March 2022.



Cash Flow

The Company's operating cash flow improved during the year in line with the increase in operational activity; resultantly, net cash outflow from operating activities reduced to Rs. 63 Mn compared to Rs. 228 Mn the previous year. Net cash outflow from investing activities amounted to Rs. 88 Mn and consisted primarily of essential capital expenditure including water proofing of the investment property building roof. Net cash outflow from financing activities amounted to Rs. 70 Mn representing repayment of borrowings. Overall, the Company's cash and cash equivalents (CCE) recorded a decrease of Rs. 222 Mn, which was funded by an increase in the overdraft facility.

Outlook

We are optimistic that the tourism industry of Sri Lanka will rebound over the medium-to-long term, although short-term pressures seem inevitable given the country's macro-economic vulnerabilities. The prevalent political instability and protests, although largely peaceful have led to a sharp drop in arrivals and cancellations of bookings. Other downside risks for the Company include the rising interest rates, escalating inflation which can deter demand for our F&B offerings and resultant cost escalations and depreciation of the Rupee which will lead to higher finance costs of the Company's dollar denominated facility.

Over the medium-term however, we are confident that the industry will demonstrate its characteristic resilience and show strong turnaround. Key industry stakeholders have combined efforts to promote Sri Lanka as a tourist destination, which is expected to augur well for the country's attractiveness as a destination. Whilst growth in the industry will require social, political and economic stability, the expected fiscal measures and assistance from the International Monetary Fund and supportive nations will help accelerate the recovery process. The resolution of the energy crisis remains the most critical factor to the recovery of tourism as power cuts and fuel shortages will not only hamper hotel operations but it will also deter tourists.

The Company will continue to leverage on its excellent reputation as a popular hotel in the city of Colombo focusing on our world-class F&B sectors as a key revenue generator by persistently reinventing our offering within this space. Our social media presence has been strengthened to work in line with the promotional activities and events that are expected to attract more customers.

Operational Review

The Company commenced the financial year with sporadic surges of COVID-19 infections, an escalation in safety concerns and periodic lockdowns across different markets, that affected the recovery of the Sector. Against this backdrop, we relentlessly sought to re-invent ourselves and adapt our operating model to capitalise on our strengths and support continued revenue generation. Accordingly, we sought to leverage our expertise and strong brand reputation in food and beverage, to drive increased customer footfall to our award-winning restaurants while pursuing growth on our online food delivery platform.

HIGHLIGHTS IN 2021/22

Food and Beverages

The Hotel has built a strong reputation for innovative and evocative in-house gastronomical experiences backed by our industry-leading culinary team. We strive to tap into the newest tastes and flavours around the world to create a unique food experience for our guests using high-quality ingredients. Our pursuit of excellence, deep understanding of customer preferences and flavour exploration has enabled us to stay ahead of the curve, while gaining both local and international recognition for our culinary expertise over the years.

64% of Total Revenue in 2021/22

Performance: The F&B Segment performed exceptionally during the year, emerging as a key driver of profitability. Revenue increased by 89% with demand recovering at an accelerated pace supported by our targeted marketing and promotional efforts as well as the release of pent-up demand, with customers seeking out-of-home dining experiences following periodic lockdowns. Accordingly, our restaurants recorded good growth in customer footfall, even surpassing pre-COVID volumes. Our online home-delivery solution, Flavours offering a curated menu from our world-class restaurants in partnership with Cinnamon Grand Hotel, continued its growth momentum with 28,920 orders delivered during the year.

FOOD & BEVERAGE SECTOR



REVENUE

F&B Revenue 2021/22: Rs. 1.2 Bn

F&B Revenue 2020/21: Rs. 0.6 Bn



F&B TEAM

238 Team Members



Sri Lanka UN-TWO WORLD TOURISM DAY 2021- CULINARY FIESTA

1 Gold Medal and 2 Bronze Medals



RESTAURANTS & BARS

6 Specialty Restaurants

2 Bars

Delivery services

Operational Review contd.

Restaurants and Bars

ColomBar

A modern offering of specialty local brews and arracks paired with a variety of exotic local dishes, ColomBar aims to change the narrative of traditional bars and reinvent the concept of a bar experience in Colombo.

The Library

Exclusive Club and Members lounge that serves as a formal meeting place and contemplative book-strewn lounge during the day and transforms to a spirited night club at night with a live band and karaoke lounge.

Royal Thai

Renowned as the best Thai restaurant in Colombo, the Royal Thai restaurant takes you on a culinary journey through Thailand with its array of specialty dishes prepared to perfection. Over the years, the restaurant has received several awards for its authentic cuisine such as the 'Thai Select' certification from the Department of International Trade Promotion, Ministry of Commerce and the Royal Thai Government, which is a seal of approval granted to Thai restaurants overseas.

The Dining Room

A melting pot of international cuisine, prepared by acclaimed chefs using the finest ingredients especially curated for this 24-hour all-day dining restaurant.

Long Feng

Chinese and Dim Sum restaurant serving a range of specialty Chinese cuisine and delicate Dim Sum, overlooking the beautiful terrace and pool.

Goodies

One of Colombo's best-known cafés with an extensive range of French pastries, local savouries and cakes.

Pool Bar

Laid-back, al fresco bar overlooking the largest pool in Colombo and the beautiful waters of the Beira Lake.

Lobby Lounge

Situated in the midst of the beautiful hotel lobby, this svelte, multi-tasking space serves up high tea, sushi and a wide variety of Sri Lankan teas for every palette.

Accommodation

During the early part of the financial year, the Company enticed domestic travellers through several attractive offers and promotions. Towards the latter part of the year occupancy rates improved substantially as international arrivals to Sri Lanka strengthened and mobility restrictions were eased. The Company was also able to leverage on its relationships with travel partners and industry stakeholders to increase occupancy rates during the year by tying up as the accommodation partner for several international sports teams that travelled to Colombo within bio bubbles.



Occupancy Level

2021/22: 24%
2020/21: 2%



Revenue

2021/22: Rs. 433 Mn
2020/21: Rs. 38 Mn

Safety Focus

Ensuring the health and safety of our guests and employees continued to be a priority with the emergence of new COVID-19 variants during the financial year. The safety measure implemented continued as per the protocols of the World Health Organisation and the Ministry of Health. Employees were given continued access to masks, sanitisation methods and continuous training on maintaining the safety standards of the hotel chain. Similarly, premises were equipped with automated sanitizer dispensers, temperature checks at the entrances and guests were provided with masks whenever required.

Strengthening Digital Capabilities

The Company leveraged its digital capabilities to drive increased engagement with customers and ensure continuity of operations. The increased use of e-marketing tools and social media platforms has enabled us to maintain continuous engagement with our guests, both local and foreign, even during periods of mobility restrictions. We have also embraced tools in technology and connectivity that have opened up many opportunities for us to transform customer experiences, drive targeted digital marketing and use data analysis to enrich decision making. We have strengthened our relationship with online travel agents (booking platforms) and offered continued training to our teams to ensure that any technical issues or queries are resolved fast, guest grievances are handled proactively, and guest reviews are monitored actively.

STRENGTHS



- Unique, well-maintained property in a central location providing an authentic sri lankan feel.
- Strong brand reputation and renowned portfolio of restaurants offering excellent cuisine.
- Multi-skilled and professional team.
- Backing of strong parent entity (John Keells Holdings PLC) that provides continuous financial, management, governance support as well as focused leadership and strategies as a part of the 'Cinnamon Hotels & Resorts' chain.
- Long term relationship with channel partners and industry stakeholders.
- Excellent health and safety standards stemming from the implementation of the 'Cinnamon Care' standards and the SLTDA 'Safe & Secure' certification.
- Strong financial profile.

OPPORTUNITIES



- Pent up worldwide demand expected to boost demand for tourism in the medium to long term.
- Gradual re-opening of source markets following successful vaccination drives, additionally boosted by the effective vaccination program in the country.
- Improvement in travel confidence.
- Increasing demand for hotels that follow stringent health and safety standards, as well as established brands.
- Increasing popularity for sustainable destinations and eco-travelling
- Shift towards preferences for experiential travelling.

Trans Asia Hotels PLC SWOT ANALYSIS

WEAKNESSES



- Increased exposure due to dollar loan repayments.
- Future refurbishments required to keep the property up to required standards due to the age of the property.
- Employee turnover at entry-level continues to be an industry-wide challenge.

THREATS



- Threats of infectious diseases and pandemics such as COVID-19.
- Emergence of new variants of the virus and closing of borders of source markets (for eg. China in March 2022) may delay recovery further.
- Prolonged economic impacts of the pandemic and high costs of maintaining health and safety standards.
- Economic/political instability in the country
- Global recession and inflationary pressures.
- Changing demographic profile of the traveler.
- Intensifying competition from new hotel rooms being added to supply.
- Shortage of trained and experienced staff in the hospitality industry leading on from the re-opening of global markets and the resultant increase in demand for trained staff.
- Reduction in banquets and footfall in restaurants due to the effects of the local economic pressure and rising inflation and the subsequent increase in prices.
- Cost escalation due to exchange rate
- Pressures and supply chain challenges.
- Geopolitical tensions.

Share Information and Shareholding

1. 2020/21 FINANCIAL CALENDAR

Meeting	
41st Annual General Meeting	21st June 2022
Interim Financial Statements	
1st Quarter ended 30th June 2021	Released on 22nd July 2021
2nd Quarter ended 30th September 2021	Released on 25th October 2021
3rd Quarter ended 31st December 2021	Released on 24th January 2022
4th Quarter ended 31st March 2022	Released on 23rd May 2022

2. DIRECTORS' SHAREHOLDING

	As at 31.03.2022	As at 31.03.2021
Mr. K N J Balendra - Chairman	Nil	Nil
Mr. J G A Cooray	1,200	1,200
Mr. N L Gooneratne	514,261	514,261
Mr. C L P Gunawardane	Nil	Nil
Mr. C J L Pinto (Joint account with Mrs. M R C Pinto) - resigned with effect from 25th June 2021	N/A	7,400
Ms. J C Ponniah	Nil	Nil
Mr. S Rajendra	Nil	Nil
Mr. M R Svensson	Nil	Nil
Mr. H A J De S Wijeyeratne - appointed with effect from 25th June 2021	Nil	N/A

3. The Company's issued ordinary share capital of 200,000,000 shares were held by 1,451 shareholders as at 31st March 2022 (1,432 shareholders as at 31st March 2021)

3.1 Share Distribution as at 31st March 2022

	Number of shareholders	Percentage of shareholding	Total number of shares
Less than or equal to 1,000	1,217	0.11%	212,538
1,001 to 10,000	178	0.33%	658,031
10,001 to 100,000	43	0.65%	1,296,459
100,001 to 1,000,000	9	1.99%	3,971,609
Over 1,000,001	4	96.92%	193,861,363
Grand total	1,451	100.00%	200,000,000

3.2 The Twenty One Largest Shareholders

		Shareholding as at 31.03.2022	%	Shareholding as at 31.03.2021	%
1	John Keells Holdings PLC	97,284,256	48.64	97,284,256	48.64
2	Asian Hotels And Properties PLC	86,823,028	43.41	86,823,028	43.41
3	Bank of Ceylon A/C Ceybank Unit Trust	5,457,879	2.73	5,457,879	2.73
4	Employees Provident Fund	4,296,200	2.15	4,296,200	2.15
5	Prof. D N L Alwis	600,107	0.30	600,107	0.30
6	Mr. A N G Wijeyekoon	572,960	0.29	572,960	0.29
7	Employees Trust Fund Board	571,941	0.29	571,941	0.29
8	Bank of Ceylon A/C Ceybank Century Growth Fund	569,596	0.28	569,596	0.28
9	Mr. N L Gooneratne	514,261	0.26	514,261	0.26
10	Bank of Ceylon No.1 Account	477,200	0.24	477,200	0.24
11	Ellawala Exports (Pvt) Ltd	358,400	0.18	358,400	0.18
12	Mr. D Gonsalkorale	161,200	0.08	161,200	0.08
13	Secretary	145,944	0.07	145,944	0.07
14	Ms. A M Ondaatjie	83,400	0.04	-	0.00
15	Mr. G G Ondaatjie	83,400	0.04	-	0.00
16	Mr. T J Ondaatjie	83,399	0.04	-	0.00
17	Mrs. V A Seneviratne	75,000	0.04	75,000	0.04
18	Mrs. B J E Severin	72,800	0.04	72,800	0.04
19	Mr. R D Ranathunga	50,112	0.03	50,112	0.03
20	Mr. N P Tippala Gamage	49,500	0.02	49,500	0.02
21	Mr. G P Gunawardane	48,468	0.02	48,468	0.02
		198,379,051	99.19	198,128,852	99.06

All of the shares issued by the Company are voting shares.

3.3 Composition of Shareholders

	As at 31st March 2022			As at 31st March 2021		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
Directors and Spouses	2	515,461	0.26	3	522,861	0.26
Public non-resident						
Institutions	-	-	-	-	-	-
Individuals	15	92,543	0.05	15	92,503	0.05
Public resident						
Institutions	45	196,158,790	98.07	43	196,149,329	98.07
Individuals	1,389	3,233,206	1.62	1,371	3,235,307	1.62
Total	1,451	200,000,000	100.00	1,432	200,000,000	100.00

Share Information and Shareholding contd.

3.4 Public Shareholdings

	As at 31st March 2022			As at 31st March 2021		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
Inter company Shareholdings (John Keells Holdings PLC and Asian Hotels and Properties PLC)	2	184,107,284	92.05	2	184,107,284	92.05
Directors and spouses	2	515,461	0.26	3	522,861	0.26
Public Shareholding	1,447	15,377,255	7.69	1,427	15,369,855	7.69
Total	1,451	200,000,000	100.00	1,432	200,000,000	100.00

4. MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

	2021/22	Q4	Q3	Q2	Q1	2020/21
High (Rs.)	68.50	57.80	64.00	68.50	64.00	70.00
Low (Rs.)	48.00	48.00	52.10	52.60	50.00	50.00
Close (Rs.)	48.20	48.20	55.00	59.50	55.50	55.90
Dividend paid (per share) (Rs.)	-	-	-	-	-	-
Trading Statistics						
Number of transactions	858	197	327	259	75	477
Number of shares traded ('000)	146	37	62	38	9	61
% of total shares in issue	0.073	0.018	0.031	0.019	0.004	0.031
Value of all shares traded (Rs. Mn)	8.22	2.03	3.49	2.22	0.47	3.68
Average daily turnover (Rs. '000)	49.20	42.28	85.22	50.48	13.87	25.70
Market capitalization (Rs. Mn)	9,640	9,640	11,000	11,900	11,100	11,180
Float adjusted market capitalization (Rs. Mn)	741	741	846	915	853	860

The adverse effects of the COVID-19 pandemic and the macro-economic conditions in the Country, have directly impacted the Company's share price, resulting in its decrease. This in turn has resulted in the Company's float adjusted market capitalization falling below the required threshold of Rs.1.0 Billion, despite the Company satisfying the other criteria, as per Option 1 of Rule 7.14.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange, thus rendering the Company non-compliant with Minimum Public Holding Requirements of the Listing Rules.

The Company in accordance with Rule 7.14.2 of the Listing Rules, has made announcements to the Market by notices dated 24th February 2021, 6th April 2021 and 2nd July 2021.

Thereon, pursuant to the announcement dated 27th August 2021, the Company was transferred to the Second Board on 27th August 2021, due to its continued non-compliance with the said Minimum Public Holdings requirements.

The Company has continued to make the requisite announcements through its notices dated 4th October 2021, 13th January 2022 and 22nd April 2022 and continues to monitor the situation towards ensuring compliance with the Minimum Public Holding requirements of Listing Rules.

The Company will notify its shareholders regarding the above at the Annual General Meeting of the Company to be held on 21st June 2022, in accordance with Rule 7.14.2 (l) (g) of the Listing Rules

5. DIVIDENDS SINCE 2004/05

Year ended 31st March	Dividend paid per share (Rs.)	Dividend paid (Rs.'000)
2004/05	3.50	175,000
2005/06	5.35	267,500
2006/07	2.40	120,000
2007/08	0.75	37,500
2008/09	1.50	75,000
2009/10	1.00	50,000
2010/11	2.00	100,000
2011/12	3.00	300,000
2012/13	3.00	600,000
2013/14	3.50	700,000
2014/15	3.50	700,000
2015/16	2.00	400,000
2016/17	3.00	600,000
2017/18	3.50	700,000
2018/19	1.00	200,000
2019/20	0.50	100,000
2020/21	Nil	Nil
2021/22	Nil	Nil

6. SHARE CAPITAL SINCE 2004/05

Year ended 31st March	Number of shares in Issue ('000)
2004/05	50,000
2005/06	50,000
2006/07	50,000
2007/08	50,000
2008/09	50,000
2009/10	50,000
2010/11	50,000
2011/12**	100,000
2012/13**	200,000
2013/14	200,000
2014/15	200,000
2015/16	200,000
2016/17	200,000
2017/18	200,000
2018/19	200,000
2019/20	200,000
2020/21	200,000
2021/22	200,000

** Sub division of shares

FINANCIAL REPORTS

Annual Report of the Board of Directors	64
Statement of Directors' Responsibility	70
Audit Committee Report	71
Independent Auditor's Report	74
Statement of Profit or Loss and Other Comprehensive Income	78
Statement of Financial Position	79
Statement of Changes in Equity	80
Statement of Cash Flows	81
Index to the Notes	82
Notes to the Financial Statements	83

Annual Report of the Board of Directors

The Directors have pleasure in presenting the 41st Annual Report of Trans Asia Hotels PLC (Company) together with the Audited Financial Statements for the year ended 31st March 2022.

GENERAL

The Company was incorporated on 17th July 1981 as a limited liability company and the shares of the Company were listed on the Colombo Stock Exchange (CSE) on 1st January 1983. In compliance with the provisions of the Companies Act No. 7 of 2007 (Companies Act) the Company was re-registered on 15th June 2007 with Company registration number PQ 5.

PRINCIPAL ACTIVITY

The principal activity of the Company, which is hoteliering remained unchanged. The Company owns Cinnamon Lakeside Hotel, a Five-Star Hotel situated in Colombo. The Company also derives rental income from the investment property adjoining the Hotel.

PARENT COMPANY AND ULTIMATE PARENT COMPANY

The Company is a subsidiary of Asian Hotels and Properties PLC, a company incorporated in Sri Lanka and listed on the CSE and the Company's ultimate parent company is John Keells Holdings PLC (JKH), also a company incorporated in Sri Lanka and listed on the CSE.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The financial and operational performance during the year ended 31st March 2022 and future business developments of the Company are provided in the Chairman's Message on pages 6 to 9. This report which forms an integral part of Annual Report of the Board of the Directors together with the audited financial statements, reflect the state of affairs of the Company.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Financial Statements of the Company duly signed by the Directors and the Auditors' Report on the Financial Statements are provided on pages 74 to 119.

CORPORATE GOVERNANCE

The Corporate Governance principles and practices of the Company are described from pages 12 to 43 of this report.

The adverse effects of the COVID-19 pandemic and the macro-economic conditions in the Country, have directly impacted the Company's share price, resulting in its decrease. This in turn has resulted in the Company's float adjusted market Capitalisation falling below the required threshold of Rs. 1.0 Billion, despite the Company satisfying the other criteria, as per Option 1 of Rule 7.14.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange, thus rendering the Company non-compliant with Minimum Public Holding Requirements of the Listing Rules.

The Company in accordance with Rule 7.14.2 of the Listing Rules, has made announcements to the Market by notices dated 24th February 2021, 6th April 2021 and 2nd July 2021.

Thereon, pursuant to the announcement dated 27th August 2021, the Company was transferred to the Second Board on 27th August 2021, due to its continued non-compliance with the said Minimum Public Holdings requirements.

The Company has continued to make the requisite announcements through its notices dated 4th October 2021, 13th January 2022 and 22nd April 2022 and continues to monitor the situation towards ensuring compliance with the Minimum Public Holding requirements of Listing Rules.

The Company will notify its shareholders regarding the above at the Annual General Meeting of the Company to be held on 21st June 2022, in accordance with Rule 7.14.2 (l) (g) of the Listing Rules.

Subject to the above,

(a) Chairman's declaration

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

(b) 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 refrained from voting on matters in which they were materially interested.
- c) 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.
- 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 and 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 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 Company, and the John Keells Group.

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 AND RISK MANAGEMENT

The Board 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, considers, reports and acts on the results of internal control reviews carried out by independent Internal and External Auditors. The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Company and 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 principal risks and mitigating actions in place are reviewed regularly by the

Audit Committee. The Board, through the involvement of the ultimate parent Company JKH and the Group Business Process Review Division takes steps to gain assurance on the effectiveness of control systems in place. The Head of the Group Business Process Review Division has direct access to the Chairman of the Audit Committee. Foreseeable risks that may materially impact business are disclosed in the Risk Management Report on pages 44 to 49 of this Report and notes to the Financial Statements on pages 83 to 119.

GOING CONCERN

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

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

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern. The Company's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with the business reaching pre COVID-19 levels of operations post the easing of restrictions. The management has formed the judgement that the Company has adequate resources to continue in operational existence for the foreseeable future, driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans along with the financial strength of the Company.

In determining the above significant management judgements, estimates

and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations, and the COVID-19 pandemic have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

ACCOUNTING POLICIES

Details of accounting policies have been discussed in Notes to the financial statements. There have been no changes in the accounting policies adopted by the Company during the year under review.

RESPONSIBILITY OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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 Sri Lanka Accounting Standards (SLFRS/LKAS), Companies Act, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the CSE.

REVENUE

Revenue generated by the Company as at 31st March 2022 amounted to Rs. 1,817 Million (2021 - Rs. 811 Million).

Annual Report of the Board of Directors contd.

RESULTS & APPROPRIATIONS

The profit after tax of the Company for the year was Rs. 4.1 Million (2021 – loss of Rs. 819 Million). The synopsis of the Company's performance is presented in the following table:

for the year ended 31st March in Rs. 000's	2022	2021
After providing for all known liabilities, bad & doubtful debts and depreciation on property, plant and equipment, the loss before interest was	(41,973)	(816,019)
Interest paid during the year was	(122,173)	(24,210)
Interest earned during the year was	1,858	3,729
Change in fair value of Investment Property	167,226	(109,519)
Profit/(loss) Before Tax was	4,938	(946,019)
To/from which was added/deducted the reversal/(provision) for taxation including deferred taxation of	(838)	127,273
Leaving a net profit/(loss) after tax of	4,100	(818,746)
Deferred tax effect on actuarial gain	(809)	(14)
Gain on defined benefit plans	5,781	96
The amount transferred from Revaluation Reserve was	25,134	25,134
When the balance brought forward from the previous year was added	3,217,952	4,011,482
Leaving a balance to be carried forward next year of	3,252,158	3,217,952

DIVIDENDS

There was no dividend declared for the financial year ended 31st March 2022. 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 a dividend.

PROPERTY, PLANT & EQUIPMENT

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 3,403 Million (2021 – Rs. 3,425 Million) for the Company.

Capital expenditure for the year amounted to Rs. 91 Million (2021 – Rs. 17 Million).

Details of property, plant and equipment and their movements are given in Note 14 to the Financial Statements on page 97 of this Report.

MARKET VALUE OF PROPERTIES

All buildings owned by the Company were revalued as at 31st December 2021 and the carrying value amounted to Rs. 2,704 Million (2021 – Rs. 2,651 Million). All information related to the revaluation is given in Note 14 to the Financial Statements.

All properties classified as investment property were valued as at 31st December 2021 in accordance with the requirements of LKAS 40. This valuation too was carried out by M/s. P B Kalugalagedara, Chartered Valuation Surveyor. The carrying value of investment property of Company amounted to Rs. 2,933 Million (2021 – Rs. 2,766 Million). The Directors have decided to retain the fair value of investment property recognized as at 31st December 2021.

Details of valuation of property, plant and equipment and investment property are provided in Notes 14 and 16 to the Financial Statements on pages 97 to 103 of this Report.

INVESTMENT PROPERTIES

In accordance with LKAS 40, Investment Property, the net book value of properties held to earn rental income and properties held for capital appreciation have been classified as investment properties. The details of the investment properties are explained in Note 16 to the Financial Statements on page 102.

STATED CAPITAL

The total stated capital of the Company as at 31st March 2022 was Rs. 1,113 (2021 - Rs. 1,113). The Stated Capital of the Company comprises of 200 Million Ordinary Shares fully paid up.

RESERVES

Total reserves as at 31st March 2022 for the Company amounted to Rs. 4,777 (2021 - Rs. 4,731 Million). The movement of reserves during the year is disclosed in the Statement of Changes in Equity on page 80.

SEGMENT REPORTING

Segment wise contribution to Company revenue, results, assets and liabilities is provided in Note 30 to the Financial Statements.

CONTINGENT LIABILITIES & CAPITAL COMMITMENTS

Commitments made for capital expenditure as at 31st March 2022 and the contingent liabilities as at that date are given in Note 32 to the Financial Statements on page 118.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There have been no events subsequent to the balance sheet date, which would have any material effect on the Company other than those disclosed in Note 33 to the Financial Statements on page 119.

SHARE INFORMATION & SHAREHOLDING

The market value of an ordinary share of the Company as at 31st March 2022 was Rs. 48.20 (2021 - Rs. 55.90). The number of shareholders as at 31st March 2022 was 1,451 (2021 - 1,432). An analysis of shareholders based on shares held, percentage of public holding, the distribution of ownership and details of share transactions during the year are provided on pages 58 to 61 of this Report. The list of top twenty one Shareholders of the Company as at 31st March 2022 is also provided on page 59 of this Annual Report.

EQUITABLE TREATMENT OF 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 and relevant announcements have been sent to the CSE in a timely manner.

DIRECTORS

The Board of Directors of the Company as at 31st March 2022 and their brief profiles are given on pages 10 to 11 of this Report.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with Article 83 of the Articles of Association of the Company, Mr. S Rajendra and Mr. C L P Gunawardane who retire by rotation and being eligible offer themselves for re-election. Brief profiles of Mr. S Rajendra and Mr C L P Gunawardane are contained on page 10 of this Annual Report.

Mr. C J L Pinto and Mr. E H Wijenaike resigned from the Board with effect from 25th June 2021.

Mr. H A J De S Wijeyeratne was appointed to the Board as an Independent Non-Executive Director on 25th June 2021 and retires in terms of Article 90 of the Articles of Association of the Company, and being eligible offers himself for re-election. A brief profile of Mr. H A J De S Wijeyeratne is contained on Page 11 of this Annual Report.

The Company has recommended the re-election of Mr. N L Gooneratne, who is over the age of 70 years and retires in term of Section 210 of the Companies Act. The Company recommended the passing of an ordinary resolution which propose that the age limit stipulated in Section 210 of the Companies Act shall not apply to Mr. N L Gooneratne who is 79 years old and that he be re-elected as Director of the Company.

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

Board Audit Committee

The following members serve on the Board Audit Committee:

Mr C J L Pinto

*Chairman** (resigned w.e.f. 25/06/2021)

Mr. H A J De S Wijeyeratne

*Chairman** (appointed w.e.f. 25/06/2021)

Mr E H Wijenaike

(resigned w.e.f. 25/06/2021)

Mr. S Rajendra

(appointed to the Audit Committee w.e.f. 25/06/2021)

Ms. J C Ponniah

* Member of a professional accounting body

Annual Report of the Board of Directors contd.

The Audit Committee 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.

The report of the Audit Committee is given on page 71 of this Report.

Human Resources and Compensation Committee

As permitted by the listing rules of the CSE, the Human Resources and Compensation Committee of JKH, the ultimate parent company 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, including a statement of the remuneration policy and the aggregate remuneration paid to Non-Executive Directors is contained on page 41 and 93 of this Annual Report.

Nominations Committee

The Nominations Committee of Asian Hotels and Properties PLC, functions as the Nominations Committee of the Company. The Nominations Committee of Asian Hotels and Properties PLC comprises of two Independent Non-Executive Directors and one Non-Executive Director namely:

Mr. J Durairatnam – *Chairman*
Mr. A S De Zoysa
Mr. K N J Balendra

The report of the Nominations Committee is contained on page 42 of this Annual Report.

Related Party Transactions Review Committee

As permitted by the listing rules of the CSE, the Related Party Transactions Review Committee of JKH, the ultimate parent company, functions as the Related Party Transactions Review Committee of the Company. The Related Party Transactions Review Committee of JKH comprises of three Independent Non-Executive Directors:

Ms. M P Perera – *Chairperson*
Mr. A N Fonseka
Mr. D A Cabraal

The report of the Related Party Transactions Review Committee is contained on page 43 of this Annual Report.

Project Risk Assessment Committee

The Project Risk Assessment Committee of JKH, the ultimate parent company, functions as the Project Risk Assessment Committee of the Company. The Project Risk Assessment Committee members of JKH are as follows;

Dr. S S H Wijayasuriya – *Chairman*
Ms. M P Perera
Mr. K N J Balendra
Mr. J G A Cooray

The Project Risk Assessment Committee policy is detailed in the Corporate Governance Report of this Annual Report.

INTERESTS REGISTER

The Company has maintained an Interests Register as contemplated by the Companies Act.

a) Interests in contracts

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

b) Share Dealings

There have been no disclosures of share dealings during the financial year ending as at 31 March 2022.

c) Indemnities and remuneration

Mr. H A J De S Wijeyeratne was appointed as a Non-Executive Independent Director of the Company with effect from 25th June 2021 at the standard Non-Executive fees approved by the Board for Non-Executive Directors (if applicable) which fees are commensurate with the market complexities of the Company.

The Human Resources and Compensation Committee of JKH, the ultimate parent company has not recommended an increment in fees to the Non-Executive Directors of the Company during the year. The fees payable to Non-Executive nominees of JKH are paid to JKH and not to individual Directors.

DIRECTORS SHAREHOLDING IN THE COMPANY

The shareholdings of the Directors and their spouses in the Company are set out in page 58 of this Report.

DIRECTORS REMUNERATION

Details of the remuneration and other benefits received by the Directors are set out in page 93 of the Financial Statements.

DIRECTORS MEETINGS

Details of the meetings of the Directors are given on pages 20 to 21.

EMPLOYEE SHARE OPTION PLAN (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 ultimate parent company, JKH.

Senior Executives of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of the employee services received in respect of the shares or share options granted under the ESOP scheme of John Keells Holdings PLC is recognized in the Income statement over the period that employees provide services, from the time when the award is granted up to the vesting date of the options. The overall cost of the award is calculated using the number of share options expected to vest and the fair value of the options at the date of grant. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

The employee remuneration expense resulting from the John Keells Group's share option scheme to the employees of the Company is recognized in the income statement of the Company. This transaction does not result in a cash outflow to the Company and expense recognized is met with a corresponding equity reserve increase, thus having no impact on the Statement of Financial Position (SOFPP). The fair value of the options granted is determined by the Group using an option model and the relevant details are communicated by the Group to all applicable subsidiary companies.

EMPLOYMENT

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Company practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability.

The number of persons employed by the Company as at 31st March 2022 was 531 (2021 – 524).

There were no material issues pertaining to employees and industrial relations during the Financial Year.

STATUTORY PAYMENTS

The Directors to the best of their knowledge are satisfied that all statutory payments in relation to the Government, other regulatory institutions and the employees have been either duly paid or appropriately provided for in the Financial Statements. The tax position of the Company is disclosed in Note 11 to the Financial Statements.

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 endeavors to pay for all items properly charged in accordance with these agreed terms. As at 31st March 2022, the trade and other payables of the Company amounted to Rs. 383 Million (2021 – Rs. 310 Million).

SUSTAINABILITY REPORTING

The Company has adopted the main Sustainability disclosures prescribed by the Code of best Practice on Corporate Governance (2013) which cover the elements of economic performance, the environment, labour practice, society and stakeholders, product service responsibility, sustainable reporting, engagement and effective communication.

RELATED PARTY TRANSACTIONS

There were no related party transactions required to be disclosed under the Listing Rules of the CSE, other than as disclosed under Note 28 of the financial statements.

The Company's transactions with Related Parties, given in Note 28 to the Financial Statements, have complied with CSE Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the SEC Directive.

DONATIONS

During the financial year ended 31st March 2022 the Company made donations amounting to Rs. 0.39 Million (2021-Rs. 0.019 Million).

AUDITORS

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence and relationship with the Company, including the level of audit.

Messrs. KPMG, Chartered Accountants have indicated their willingness to continue as Auditors of the Company, and a resolution proposing their re-appointment as auditors will be tabled at the Annual General Meeting.

Details of the Audit Fees paid to the Auditors are set out in page 93 of the Financial Statements.

Further details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on page 71.

ANNUAL REPORT

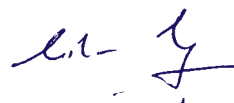
The Board of Directors approved the audited financial statements for issue on 23rd May 2022.

ANNUAL GENERAL MEETING

Annual General Meeting will be held as a virtual meeting on 21st June 2022 at 03.00PM.



Director



Director



Keells Consultants (Private) Limited
Secretaries

23rd May 2022

Statement of Directors' Responsibility

The following statement sets out the responsibility of Directors in relation to the Financial Statements of Trans Asia Hotels PLC (Company). 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 the Auditors in relation to the Financial Statements contained in this Annual Report.

The responsibility of the Auditors in relation to the Financial Statements prepared in accordance with the provision of the Companies Act No. 07 of 2007 (Companies Act) and the Sri Lanka Accounting Standards (SLFRS/LKAS) is set out in the Report of Auditors on page 74 to 77 of this Report.

As per the provisions of the Companies Act the Directors are required to prepare, for each financial year and place before a general meeting, Financial Statements which comprise of:

- Income statement and Statement of comprehensive income of the Company, which present a true and fair view of the financial performance, Profit or Loss, Cash flows of the Company for the respective financial year.
- Statement of financial position, which represents a true and fair view of the state of affairs of the Company as at the end of the financial year:

The Board of Directors have ensured that the Financial Statements of the Company for the year ended 31 March 2022 presented in the report have been prepared:

- using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained;
- in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and that reasonable and prudent judgements and estimates have been

made so that the form and substance of transactions are properly reflected; and

- to provide the information required by and otherwise comply with the Companies Act, the Listing Rules of the Colombo Stock Exchange (CSE), the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the code of best practice on Corporate Governance (2013) jointly advocated 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 have ensured that the Company has adequate resources to continue in operation to justify applying the going concern basis.

Additionally, the Board Directors have a responsibility to

- ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company; and
- take all reasonable steps expected of them to safeguard the assets of the Company to establish appropriate systems of internal controls to prevent, deter and detect any fraud, misappropriation or other irregularities.

The Board of Directors have taken all reasonable steps to ensure that the Company 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.

Further in the event of a dividend distribution, as required by Section 56(2) of the Companies Act, and based on the information available, the Board of Directors will ensure that the Company has satisfied the solvency test

immediately after the distribution of any dividends in accordance with Section 57 of the Companies Act and have obtained a certificate from the auditors, prior to declaring such dividends.

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.

The Board of Directors approved the Annual Report on 23rd May 2022. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

Compliance Report

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and all contributions, levies and taxes payable on behalf of the employees of the Company and all other known statutory obligations as at the reporting date, have been paid or provided for, except as specified in Note 32 to the Financial Statements covering Contingent Liabilities.

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

By Order of the Board



Keells Consultants (Private) Limited
Secretaries

23rd May 2022

Audit Committee Report

INTRODUCTION

The Board Audit Committee (BAC) of Trans Asia Hotels PLC is formally constituted as a Sub Committee of the Main Board, to which it is accountable.

The Committee operates pursuant to the Audit Committee Charter which is reviewed annually by the Committee.

This report focuses on the activities of the Audit Committee for the year under review. A more general description of the Committee's functions is also given under the Corporate Governance Report on page 14.

ROLE OF THE BOARD AUDIT COMMITTEE

The BAC in its role, assist the Board in fulfilling their responsibility with regard to;

- Ensuring the integrity of the Financial Statements of the Company and that good financial reporting systems are in place and is managed in order to give accurate, appropriate and timely information to the management, regulatory authorities and shareholders in accordance to the financial reporting standards of The Institute of Chartered Accountants of Sri Lanka, Companies Act No.7 of 2007, the Sri Lanka Accounting and Auditing Standards and the continuing Listing Rules of the Colombo Stock Exchange.
- Assessing the independence and monitoring the performance of external auditors and external internal auditors
- Ensuring the Company's internal control and risk management process is efficient and effective
- Ensure compliance with applicable laws, regulations, and policies of the Group and Company
- Assess the company's ability to continue as a going concern in the foreseeable future.

COMPOSITION OF THE BOARD AUDIT COMMITTEE AND MEETINGS

The Audit Committee of Trans Asia Hotels PLC comprised of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The composition is in compliance with the requirement to have a minimum of two Independent Non-Executive Directors in terms of the Rules on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange. The Head of Finance of the company serves as the Secretary to the Audit Committee.

The Chief Executive Officer of Cinnamon Hotels and Resorts, General Manager of Trans Asia Hotels PLC, Chief Financial Officer – Leisure Group, Sector Financial Controller – City Sector and the Head of Group Business Process Review (Group BPR) of John Keells Holdings PLC attend the meetings of the Audit Committee by invitation. Other officials are invited to attend on a as needs basis. The External Auditors and the Outsourced Internal Auditors also attend meetings on a regular basis.

The Board Audit Committee (BAC) is comprised of the following Non-Executive Directors who conduct Committee proceedings in accordance with the terms of reference set out in the Audit Committee Charter.

Mr. H A J De S Wijeyeratne* – *Chairman*

Mr. S Rajendra – *Member*

Ms. J C Ponniah* – *Member*

** Independent Non-Executive Director*

The detailed profile of the members of the BAC is given under Board of Directors on pages 10 to 11.

MEETINGS OF THE BOARD AUDIT COMMITTEE

The Audit Committee held four meetings during the financial year 2021/2022. The attendance of the Committee members at these meetings is given under Corporate Governance Report on page 20.

The activities and views of the Committee have been communicated to the Board of Directors by tabling the minutes of the Committee's meetings at Board Meetings and verbally at Board meetings when necessary.

FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Company's quarterly and annual Financial Statements prior to publication with management and the external auditors, including the extent of compliance with Sri Lanka Accounting Standards and the adequacy of disclosures required by other applicable laws, rules, and guidelines. The Committee has also regularly discussed the operations of the Company and its future prospects with management and is satisfied that all relevant matters have been taken into account in the preparation of the financial statements.

INTERNAL AUDIT & CONTROL ASSESSMENT

The internal audit plans and scope of work were formulated in consultation with the internal audit function, which at John Keells is termed Group Business Process Review (Group BPR) Division and the outsourced Internal Auditors and approved by the Committee.

The main focus of the Internal Audit was to provide independent assurance on the overall system of internal controls, risk management and governance by evaluating the adequacy and effectiveness of internal controls, and compliance with laws and regulations and established policies and procedures of the company.

Audit Committee Report contd.

During the year, Internal Audit Reports received by the Committee from the outsourced Internal Auditors, Messrs. PricewaterhouseCoopers (PwC) were reviewed and discussed with management and Group Business Process Review Division of John Keells Holdings PLC. The recommendations of the Internal Auditors have been followed up and implemented.

RISK ASSESSMENT

The Audit Committee has also reviewed the processes for the identification, evaluation and management of all significant operational risks faced by the Company. The most significant operational risks and the remedial measures taken to mitigate them have been reviewed with management and the John Keells Group Sustainability and Enterprise Risk Management Division.

Formal confirmations and assurances have been received from senior management quarterly regarding the efficacy and status of the internal control systems and risk management systems, and compliance with applicable laws and regulations.

EXTERNAL AUDIT

The External Auditors' Letter of Engagement, including the scope of the audit was reviewed and discussed by the Committee with the external auditors and management prior to the commencement of the audit.

The External Auditors kept the Committee advised on an on-going basis regarding any unresolved matters of significance. At the conclusion of the Annual Audit, the Committee met with the external auditors to discuss all audit issues and agree on their treatment. The Committee also met the External Auditors, without management presence, at the conclusion of the annual audit to review the financial statements and the reports thereon and to respond as necessary to such reports.

The Audit Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the level of audit and non-audit fees received by the external auditors from the John Keells Group and confirmation has been received from the external auditors of their compliance with the independence criteria given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The performance of the External Auditors has been evaluated and discussed with the senior management of the Company, and the Committee has recommended to the Board that Messrs. KPMG be re-appointed as the External Auditors of Trans Asia Hotels PLC for the financial year ending 31st March 2023, subject to approval by the shareholders at the Annual General Meeting.

INFORMATION TECHNOLOGY RISK ASSESSMENT

Keeping abreast with international standards, the company seeks the services of Information Technology (IT) to provide customers with a superior service. Adoption of changes, going concern of the IT infrastructure and the security aspect of data is reviewed and assessed by the Committee on a periodic basis. The committee draws conformity of the Leisure Group Head of IT when disseminating this role.

INSURANCE ASSESSMENT

An integrated assessment of the adequacy of insurance of the Hotel is done by the committee on a periodic basis. The committee assesses the adequacy of insurance coverage in terms of Employee well-being, public liability and Economic benefit. The committee draws conformity of the Group Insurance Broker for the expertise and confirmation of its compliance.

WHISTLE BLOWING ASSESSMENT

The company has an established mechanism for employees to report to the Chairman of John Keells Holdings through a communication link named "Chairman Direct" about any unethical behavior or any violations to group values. Employees reporting such incidents are guaranteed complete confidentiality.

The committee reviews this process on a periodic basis.

COMPLIANCE WITH CODE OF BEST PRACTICE ON AUDIT COMMITTEE

The BAC scope and functions are in compliance with the requirements of the Code of Best Practice on Audit Committee issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

COMPLIANCE WITH CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

The BAC has conducted its affairs with the requirements of the code of best practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

COMPLIANCE WITH CORPORATE GOVERNANCE RULES AS PER SECTION 7.10 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

The BAC has conducted its affairs within the requirements of Corporate Governance Rules as per section 7.10 of the listing Rules of the Colombo Stock Exchange.

EVALUATION OF THE BOARD AUDIT COMMITTEE

Evaluation of the BAC is done on a periodic basis. The committee seeks the assistance of the Group Business Process Review Team for this purpose. The members of the BAC along with

other participants such as The Chief Executive Officer of the Cinnamon Hotels and Resorts, General Manager of the Hotel, Chief Financial Officer of the Leisure Group, Internal auditors, and external auditors assess the Committee. The assessment is tabled at the Audit Committee Meeting and communicated to the Board of the Company.

CONCLUSION

Based on the reports submitted by the External Auditors and the outsourced Internal Auditors of the Company, the assurances and certifications provided by the senior management, and the discussions with management and the auditors both at formal meetings and informally, the Committee is of the view that the control environment within the Company is satisfactory and provides reasonable assurance that the financial position of the Company is adequately monitored and its assets are safeguarded.



Mr. H A J De S Wijeyeratne
Chairman of the Audit Committee

20th May 2022

Members:

Mr. H A J De S Wijeyeratne - *Chairman*
Mr. S Rajendra
Ms. J C Ponniah

Independent Auditor's Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF TRANS ASIA HOTELS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trans Asia Hotels PLC ("the Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 78 to 119 of this Annual Report.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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.

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

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



01. Management assessment of the Company's ability to continue as Going Concern.	
Risk Description The Company earned a marginal net profit of Rs. 4.1 Mn for the year ended 31st March 2022 (net loss of Rs. 819 Mn in 2021). Further, the Company's current liabilities exceeded its current assets by Rs 752 Mn (Rs 660 Mn in 2021) as at the reporting date. However, these financial statements have been prepared on a going concern basis. In adopting the going concern basis in preparation of the financial statements, the directors have reviewed the Company's cash flow projections, prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows, also taking into consideration the impact of COVID-19 related events and current uncertain economic conditions. Notes to the financial statements, describes the impact of COVID-19 outbreak and current uncertain economic conditions to the current year financial statements and possible effects to the Company's, future prospects, performance and cash flows. Further, the management has described how they plan to deal with these events and circumstances as the outbreak is still prevailing as at the date of this report. We identified management assessment of the Company's ability to continue as going and related disclosures as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.	Our Response Our audit procedures included: ▪ Obtaining the cash flow projections and discussing with management the possible impact on the key assumptions used in preparing the projections due to COVID-19 pandemic and current uncertain economic conditions. ▪ Inspecting the facility agreements for the Company's long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the Company's liquidity; ▪ Assessing adequacy of disclosures in the financial statements, in relation to the impact of prevailing pandemic and current uncertain economic situation to sustain its operations in the foreseeable future with reference to the requirements of the prevailing standards.
02. Revaluation of the land and buildings (Property, Plant and Equipment and Investment Property)	
Refer to note 14 and 16 to the financial statements Risk Description As at 31st March 2022, the Company's Land and Buildings stated at fair value, classified as Property, Plant and Equipment and Investment Properties amounted to Rs. 2,704 Mn and Rs. 2,933 Mn respectively . Management has engaged an independent professional Valuer with appropriate expertise to determine the fair value of these properties in accordance with recognized industry standards. Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of price per perch of the land, capitalization rates, value per square feet, fair market rental and diversity of locations and nature of the land and buildings and investment properties. We identified this as a key audit matter because of the significance of these properties and net change in fair value of these properties to the financial statements. Further, the valuation process involves significant judgment and estimation in determining the appropriate valuation methodology and estimating the key assumptions, such as capitalization rate, per perch price, fair market rental, value per square foot, diversity of locations, nature and tenure, which are subject to management bias.	Our Response Our Audit procedures included; ▪ Discussions with management and the external valuer and comparison of the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions based on our knowledge of the industry. ▪ Discussions with management and the external valuer in relation to the possible impact on the key assumptions and the resulting valuation due to COVID-19 pandemic. ▪ Assessing the objectivity, independence, competence and qualifications of the external valuer. ▪ Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates.

Independent Auditor's Report contd.



Other Information

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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 auditors' 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 2599.

A handwritten signature in blue ink, appearing to be 'KPMG' followed by a stylized flourish.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
23rd May 2022

Statement of Profit or Loss and Other Comprehensive Income

All values are in Rupees' 000s, unless otherwise stated

For the year ended 31st March	Note	2022	2021
Revenue from contracts with customers	6	1,817,224	810,968
Cost of sales		(1,074,738)	(664,878)
Gross profit		742,486	146,090
Other operating income	7	30,377	3,717
Administrative expenses		(554,841)	(784,104)
Sales and marketing expenses		(80,869)	(45,430)
Other operating expenses	8	(179,126)	(136,292)
Results from operating activities	9	(41,973)	(816,019)
Finance income	10	1,858	3,729
Finance Cost	10	(122,173)	(24,210)
Net finance Cost		(120,315)	(20,481)
Change in fair value of investment property	16	167,226	(109,519)
Profit /(Loss) before tax		4,938	(946,019)
Income tax (expense) / reversal	11	(838)	127,273
Profit /(Loss) for the year		4,100	(818,746)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation gain on buildings	14	41,193	39,829
Re-measurement gain on defined benefit obligation	25	5,781	96
Other comprehensive income not be reclassified to profit or loss in subsequent years		46,974	39,925
Tax effect on other comprehensive income	11.3	(6,576)	(5,590)
Other comprehensive income for the year, net of tax		40,398	34,335
Total comprehensive income/ (expense) for the year, net of tax		44,498	(784,411)
		Rs.	Rs.
Basic/ Diluted Earnings / (loss) per share	12	0.02	(4.09)
Dividend per share	13	NIL	NIL

Note: The accounting policies and notes as set out on pages 83 to 119 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Statement of Financial Position

All values are in Rupees' 000s, unless otherwise stated

As at 31st March		2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	14	3,402,994	3,425,319
Right-of-use asset	15	719,432	731,836
Investment property	16	2,932,732	2,765,506
Intangible assets	17	409	689
Non current financial assets	29.2.3	15,001	12,547
Other non-current assets	29.2.3	2,093	2,024
Total non current assets		7,072,661	6,937,921
Current assets			
Inventories	18	68,971	36,535
Trade and other receivables	19	195,606	63,627
Other current assets	20	142,568	48,521
Amounts due from related parties	28.2	20,268	14,882
Cash in hand and at bank		55,271	70,803
Total current assets		482,684	234,368
Total assets		7,555,345	7,172,289
EQUITY AND LIABILITIES			
Stated capital	21	1,112,880	1,112,880
Revenue reserves		3,252,158	3,217,952
Other components of equity	22	1,524,544	1,513,315
Total equity		5,889,582	5,844,147
Non-current liabilities			
Interest bearing loans and borrowings	23	57,188	40,016
Employees benefits	25	132,782	146,037
Deferred tax liabilities	11.5	240,996	247,501
Total non-current liabilities		430,966	433,554
Current liabilities			
Trade and other payables	26	383,459	310,459
Other current liabilities	27	142,403	98,962
Amounts due to related parties	28.4	36,330	14,847
Current tax liabilities	11.6	24,944	30,685
Interest bearing loans and borrowings	23	179,358	177,511
Bank overdrafts		468,303	262,124
Total current liabilities		1,234,797	894,588
Total liabilities		1,665,763	1,328,142
Total equity and liabilities		7,555,345	7,172,289
		Rs.	Rs.
Net assets per share		29.45	29.22

Note: The accounting policies and notes as set out on pages 83 to 119 form an integral part of these Financial Statements.

I certify that the financial statements are prepared and presented in compliance with the requirements of the Companies Act No.7 of 2007.



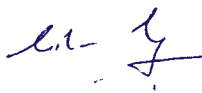
C L P Gunawardane
Chief Financial Officer

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

Approved and Signed for and on behalf of the Board;



K N J Balendra
Chairman



J G A Cooray
Director

23rd May 2022

Statement of Changes in Equity

All values are in Rupees' 000s, unless otherwise stated

	Note	Stated Capital	Other Components of Equity		Revenue Reserve	Total Equity
			Capital Reserve	Revaluation Reserve		
Balance as at 1st April 2020		1,112,880	21,241	1,482,467	4,011,482	6,628,070
Total comprehensive income for the year						
Loss for the year		-	-	-	(818,746)	(818,746)
Other comprehensive Income for the year net of tax		-	-	34,253	82	34,335
Total comprehensive income for the year		-	-	34,253	(818,664)	(784,411)
Transferred to revaluation reserve (Note a)		-	-	(25,134)	25,134	-
Share based payments	24	-	488	-	-	488
Balance as at 31st March 2021		1,112,880	21,729	1,491,586	3,217,952	5,844,147
Balance as at 1st April 2021		1,112,880	21,729	1,491,586	3,217,952	5,844,147
Total comprehensive income for the year						
Profit for the year		-	-	-	4,100	4,100
Other comprehensive Income for the year net of tax		-	-	35,426	4,972	40,398
Total comprehensive income for the year		-	-	35,426	9,072	44,498
Transferred to revaluation reserve (Note a)		-	-	(25,134)	25,134	-
Share based payments	24	-	937	-	-	937
Balance as at 31st March 2022		1,112,880	22,666	1,501,878	3,252,158	5,889,582

Note (a)

As per Sri Lanka Accounting Standards No. 16 on "Property Plant and Equipment" when the revalued asset is used by an entity, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the original cost of the asset is transferred from revaluation surplus to retained earnings.

The accounting policies and notes as set out on pages 83 to 119 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Statement of Cash Flows

All values are in Rupees' 000s, unless otherwise stated

For the year ended 31st March	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit /(Loss) before tax		4,938	(946,019)
Adjustments for:			
Finance income	10	(1,858)	(3,729)
Finance expenses	10	43,526	14,202
Depreciation of property, plant and equipment	14	153,688	174,466
Profit on disposal of property, plant and equipment	7	(1,704)	(2,476)
Amortisation of right-of-use assets	15	12,404	12,404
Amortisation of intangible assets	17	280	317
Employee benefits provision and related costs	25.1	18,370	25,981
Exchange loss on interest bearing borrowings	23	78,647	10,008
Change in fair value of investment property	16	(167,226)	109,519
Provision made on slow moving inventory	9	(267)	(8,054)
(Reversal)/Provision for impairment of trade receivables	19.1	(3,245)	276,314
Share based payment expenses	24	937	488
Operating (loss)/profit before working capital changes		138,490	(336,579)
Decrease/(Increase) in inventories		(32,169)	11,377
Decrease/(Increase) in trade and other receivables		(128,733)	111,308
Decrease/(Increase) amount due from related parties		(5,386)	30,213
Decrease/(Increase) in other current assets		(94,047)	12,099
Decrease/(Increase) in other non-current assets		(2,523)	(2,967)
(Decrease)/Increase in trade and Other Payables		73,000	15,771
(Decrease)/Increase amount due to related parties		21,483	2,444
(Decrease)/Increase in Other current liabilities		43,463	(25,053)
Cash (used in)/generated from operations		13,578	(181,387)
Finance income received	10	1,858	3,729
Finance expenses paid	10	(33,219)	(5,756)
Tax paid	11.6	(19,665)	(27,378)
Employee benefits paid/transfers	25	(25,844)	(17,529)
Net cash (used in)/generated from operating activities		(63,292)	(228,321)
Cash flows from/(used in) investing activities			
Purchase and construction of property, plant and equipment	14	(91,367)	(16,522)
Proceeds from disposal of Property, plant and equipment		2,883	6,535
Net cash used in investing activities		(88,484)	(9,987)
Cash flows from financing activities			
Loan obtained during the year	23	-	25,000
Repayment of long term borrowing	23	(69,935)	(12,500)
Net cash generated from/(used in) financing activities		(69,935)	12,500
Net (decrease)/Increase In cash and cash equivalents		(221,711)	(225,808)
Cash and Cash equivalents at the beginning of the year		(191,321)	34,487
Cash and cash equivalents at the end of the year		(413,032)	(191,321)
Analysis of cash and cash equivalents			
Cash at bank		53,013	69,255
Cash in hand		2,258	1,548
Bank overdrafts		(468,303)	(262,124)
		(413,032)	(191,321)

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdraft.

Note: The accounting policies and notes as set out on pages 83 to 119 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Index to the Notes

Note No	Page No
Corporate and Group information	
1	Corporate Information 83
Basis of preparation and other significant accounting policies	
2	Basis of Accounting 83
3	Significant Accounting Judgements, Estimates and Assumptions 84
4	Summary of Significant Accounting Policies 84
5	Changes in Accounting Standards and Standards Issued But Not Yet Effective 90
Notes to the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position	
6	Revenue from contracts with customers 91
7,8	Other Operating Income and Other Operating Expenses 91, 92
9	Results From Operating Activities 92
10	Net Finance Cost 93
11	Income Tax Expense 94
12	Earnings Per Share 97
13	Dividends Per Share 97
14	Property, Plant and Equipment 97
15	Right of Use Assets 101
16	Investment Property 102
17	Intangible Assets 103
18	Inventories 104
19	Trade and Other Receivables 104
20	Other Current Assets 105
21	Stated Capital 105
22	Other Components Of Equity 105
23	Interest-Bearing Loans and Borrowings 106
24	Share-Based Payment Plans 106
25	Employee Benefits 108
26	Trade and Other Payables 109
27	Other Current Liabilities 110
28	Related Party Transactions 110
29	Financial Instruments 112
Other disclosures	
31	Capital Management 118
32	Capital Commitments and Contingent Liabilities 118
33	Events After the Reporting Date 119
Business, Operations & Management	
34	Directors' Responsibility Statement 119
30	Segment Information 117

Notes to the Financial Statements

1. CORPORATE INFORMATION

Reporting entity

"Trans Asia Hotels PLC (the Company) 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 115, Sir Chittampalam A. Gardiner Mawatha, Colombo 2.

Principal shareholders of the Company are John Keells Holdings PLC and Asian Hotels & Properties PLC who hold 48.64% and 43.41% respectively.

The number of persons employed by the Company as at 31st March 2022 was 531 (2021 - 524).

Approval of financial statements

The financial statements for the year ended 31 March 2022 were authorized for issue by the Board of Directors on 23rd May 2022.

Principal activities and nature of operations of the Company

The principal activity of the Company is hoteliering. The Company also derives rental income from the commercial property.

Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility report in the Annual report.

Statements of compliance

The financial statements which comprise the Statement of Profit or Loss and Other 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 in compliance with the Companies Act No. 7 of 2007.

2. BASIS OF ACCOUNTING

Basis of preparation

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of Companies Act No. 7 of 2007.

Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following which are measured on an alternative basis on each reporting date.

- Buildings are measured at cost at the time of acquisition and subsequently recognized at revalued amounts which are fair values at the date of revaluation less accumulated depreciation and impairment losses if any,
- Investment properties are stated at fair values.
- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in Note 25.

Presentation of functional currency

"The Company's Financial Statements are presented in Sri Lankan Rupees which is the Company's functional and Presentation Currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

Going concern

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

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

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern. The Company's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with most of the businesses reaching pre COVID-19 levels of operations post the easing of restrictions. The management has formed judgement that the Company have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Company.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations, and the COVID-19 pandemic have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

Notes to the Financial Statements contd.

Comparative information

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing of the Financial Statements, management has made judgements, estimates and assumptions that effect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31st March 2022 is included in the following notes:

- Determining the fair value of investment property;
- Measurement of defined benefit obligations: Key actuarial assumptions;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Provision for expected credit losses of trade receivables and contract assets.

The preparation of these Financial Statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Such estimates and judgements are reviewed on an ongoing basis.

A brief explanation of the key estimates, assumptions and judgements that have changed during year ended 31 March 2022 are as follows;

Corona Virus (COVID-19) pandemic

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2022 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do

not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further below and/or in the relevant note to these Financial Statements.

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 Company.

Other significant accounting policies not covered with individual notes.

Except for the above following accounting policies, which have been applied consistently by the Company, are considered to be significant but not covered in any other sections

Current versus non-current classification

The Company 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 be 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 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
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

(a) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in foreign currency are retranslated to the functional currency

at the exchange rate at the date that the fair value was determined.

Non-monetary items that are measured based on historical costing in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

(b) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

Financial Assets

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL).

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

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

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

The Company's financial assets classified and measured at amortized cost are limited to its trade debtors, related party receivables, short term investments and cash & cash equivalents.

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

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

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

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

Notes to the Financial Statements contd.

would otherwise arise. The Company's investment in equity investments are classified as Fair Value through OCI.

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets—Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent solely with the payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method.

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial Liabilities Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

(ii) De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position

when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iv) Impairment

Financial instruments and contract assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the Company's effective interest rate.

The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company 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.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Notes to the Financial Statements contd.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation;
- the disappearance of an active market or a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

(v) Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

(vi) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(d) Fair Value measurement

"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 Company.

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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company determines the policies and procedures for both recurring fair value measurement, such as investment properties, 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 building and investment properties. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Company 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 Company 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."

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are only, 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:

- Property, plant and equipment under revaluation model Note 14
- Investment properties Note 16

Notes to the Financial Statements contd.

Fair values vs carrying amounts	Amortized cost	Other financial liabilities	Total carrying amount
31st March 2022			
Cash in hand and at bank	55,271	-	55,271
Trade and other receivables	195,606	-	195,606
Amounts due from related parties	20,268	-	20,268
	271,145	-	271,145
Trade and other payables	-	265,785	265,785
Amounts due to related parties	-	36,330	36,330
Loans and borrowings	-	236,546	236,546
Bank overdrafts	-	468,303	468,303
	-	1,006,964	1,006,964
31st March 2021			
Cash in hand and at bank	70,803	-	70,803
Trade and other receivables	63,627	-	63,627
Amounts due from related parties	14,882	-	14,882
	149,312	-	149,312
Trade and other payables	-	200,118	200,118
Amounts due to related parties	-	14,847	14,847
Loans and borrowings	-	217,527	217,527
Bank overdrafts	-	262,124	262,124
	-	694,616	694,616

All the above financial assets and liabilities are not measured at fair value.

Fair value for above financial assets and liabilities is not disclosed since the carrying amount is a reasonable appropriation of their fair value. Accordingly fair value hierarchy does not apply.

5. CHANGES IN ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

Changes in accounting standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021.

The following amendments and improvements do not expect to have a significant impact on the Group's financial statements.

- Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 : Interest Rate Benchmark Reform – Phase 2.

Standards issued but not yet effective

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

Amendments to SLFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities

Amendments to LKAS 1 : Classification of liabilities as Current or Non current.

Amendments to SLFRS 3: Reference to the Conceptual Framework.

Amendments to LKAS 16 : Property, Plant & Equipment – Proceeds before Intended Use

Amendments to LKAS 37 : Onerous Contracts – Cost of Fulfilling a Contract.

All values are in Rupees' 000s, unless otherwise stated

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting Policy

Performance obligations and revenue recognition policies

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

Contracts with customers

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 Company expects to be entitled in exchange for those goods or services.

The Company'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. Accordingly, revenue is recognised on the rooms occupied on daily basis and food and beverages and hotel related sales are accounted for at the time of sale and rental income is recognised on an accrual basis. When obtaining destination management service (travel agents), the entity acts as the principal. Customer receives and consumes the benefits of the entity's performance, as and when the service is performed. Therefore, revenue is recognized at gross over the period, based on the output method. The timing and the amount of cashflow will vary according to the agreements. Transaction price shall comprise of supplier fee and company mark-up, summing up to be the Gross Service fee. The advance payments are recognized as a liability. Upon provision of the services, the liability is set off and revenue is recognized over the period.

For the year ended 31st March	2022	2021
Room	432,563	38,058
Food	993,373	464,747
Beverage	163,491	124,447
Food and beverage - Other	58,142	54,926
Power Drome revenue	6,915	10,024
Rental Income from investment property	65,953	65,048
Others	96,787	53,718
Total revenue from contracts with customers	1,817,224	810,968

7. OTHER OPERATING INCOME

Accounting Policy

Other income is recognized on an accrual basis.

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 Statement of profit or loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

On the disposal of any revalued Property, Plant and Equipment, the amount remaining in the Revaluation reserve, relating to that particular asset is transferred directly to retained earnings.

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.

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

For the year ended 31st March	2022	2021
Profit on disposal of property, plant and equipment	1,704	2,476
Gain on exchange	27,329	305
Sundry income	525	55
Reversal of unclaimed dividend	819	881
	30,377	3,717

8. OTHER OPERATING EXPENSES

Accounting Policy

Expenditure recognition

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

For the purpose of presentation of the Statement of Profit or Loss, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

For the year ended 31st March	2022	2021
Repairs and maintenance expenses	54,807	34,502
Heat, light and power expenses	123,449	100,755
Bank charges	870	807
Other	-	228
	179,126	136,292

9. RESULTS FROM OPERATING ACTIVITIES

Accounting Policy

Expenditure recognition

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

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

All values are in Rupees' 000s, unless otherwise stated

Results from operating activities is stated after charging all expenses including the following

For the year ended 31st March	2022	2021
Directors fees	6,000	4,920
Auditor's remuneration	800	700
Donations / CSR	389	19
Depreciation of Property, Plant and Equipment and amortisation of Right of Use asset	166,372	187,187
(Reversal)/Provision for impairment-trade receivables	(3,245)	276,314
(Reversal)/Provision for slow moving inventory	(267)	(8,054)
Legal fees	2,448	2,291
Foreign exchange (gain) / loss	(27,329)	(305)
Staff cost (includes the following)	553,843	501,067
Defined benefit plan costs - employees benefit	18,370	25,981
Defined contribution plan costs - EPF and ETF	46,307	47,265

10. NET FINANCE COST

Accounting Policy

Finance income

Finance income comprises interest income derived on funds invested. 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.

Borrowing cost

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent the borrowing costs that are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use, and are capitalized as part of that asset.

Finance costs

Finance costs comprise interest expense on borrowings, overdrafts and exchange loss on borrowings.

For the year ended 31st March	2022	2021
Finance income		
Interest income on staff loan	1,433	1,446
Interest income other	-	337
Interest income on short term investments	425	1,946
	1,858	3,729
Finance cost		
Interest expense on interest bearing loans and borrowings	(10,307)	(8,446)
Exchange loss on Interest bearing loans and borrowings	(78,647)	(10,008)
Interest expenses on bank overdraft	(33,219)	(5,756)
	(122,173)	(24,210)
Net finance cost	(120,315)	(20,481)

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

11. INCOME TAX EXPENSE

Accounting Policy

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company. Income tax expenses comprise of income tax and deferred tax.

Current Taxation

The company is liable for taxation at the rate of 14% as per the first schedule of the Inland Revenue Act, No 24 of 2017, on its profits derived from "promotion of tourism". Income Tax for any other income is computed at 24%.

For the year ended 31st March	2022	2021
Current tax charge (Note 11.1)	13,902	13,646
Under provision income tax on previous year	18	9
Deferred tax expense (Note 11.3)	(13,082)	(140,928)
	838	(127,273)
Other comprehensive income		
Deferred tax charge		
Relating to origination and reversal of temporary differences (Note 11.3)	6,576	5,590
	6,576	5,590

11.1 Reconciliation Between Income Tax Expense and the Product of Accounting Profit

For the year ended 31st March	2022	2021
Profit/ (Loss) before tax	4,938	(946,019)
Income not liable for income tax	-	(1,695)
Adjusted accounting profit chargeable to income taxes	4,938	(947,714)
Disallowable expenses	244,537	495,706
Allowable expenses	(336,419)	(187,410)
Tax losses not utilised (Note 11.4)	144,870	696,278
Taxable income	57,926	56,860
Income tax charged at		
Standard rate - 24%	13,902	13,646
Concessionary rate of 14%	-	-
Current tax charge	13,902	13,646
Under or (over) provision on income tax previous year	18	9
Deferred tax reversal (Note 11.3)	(13,082)	(140,928)
Total income tax expense	838	(127,273)
Effective tax rate	17%	13.5%

All values are in Rupees' 000s, unless otherwise stated

11.2 Reconciliation Between Tax Expense and Product of Accounting Profit

For the year ended 31st March	2022	2021
Adjusted accounting profit chargeable to income taxes	4,938	(947,714)
Tax effect on chargeable profits/(loss)	6,493	(126,995)
Tax effect on non deductible expenses	2,337	1,956
Tax effect on deductions claimed	(23,411)	(583)
Deferred tax due to rate differentials	-	167
Net effect of deferred tax in respect of prior years	15,401	(1,827)
Under provision for previous years	18	9
Total income Tax expense	838	(127,273)

11.3 Deferred Tax Expense

For the year ended 31st March	2022	2021
Income statement		
Deferred tax expense arising from;		
Accelerated depreciation for tax purposes	(1,432)	(1,338)
Benefit arising from tax losses and other credits	(4,877)	(97,479)
Change in fair value of investment property	-	(417)
Others (ROU assets/liabilities, trade receivables etc)	(7,819)	(40,511)
Employee benefit liability	1,046	(1,183)
Deferred tax reversal recognised in the Income Statement	(13,082)	(140,928)
Other comprehensive income		
Actuarial losses on defined benefit obligations	809	14
Revaluation gain on buildings	5,767	5,576
Deferred tax charge recognised in the other comprehensive income	6,576	5,590
Total deferred tax reversal	(6,505)	(135,338)

Deferred tax liability has been computed taking into consideration the tax rate of 14% applicable for the tourism industry as per the new inland revenue Act No 24 of 2017 and capital gain tax at 10% on investment assets.

11.4 Tax Losses Carried Forward

	2022	2021
Balance at the beginning of the year	696,278	-
Adjustment to tax loss brought forward	(110,033)	-
Tax losses arising during the year	144,870	696,278
	731,115	696,278
Tax losses utilised during the year	-	-
Balance at the end of the year	731,115	696,278

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

11.5 Deferred Tax Liability

Accounting Policy

Deferred taxation is provided using the Statement of financial position liability method providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets including those related to tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

	2022	2021
Balance at the beginning of the year	247,501	382,839
Reversal for the year (Note 11.3)	(6,505)	(135,338)
Balance at the end of the year	240,996	247,501

The closing deferred tax liability arrives as follows:

As at 31st March	2022	2021
Revaluation of buildings to fair value	65,132	59,365
Accelerated depreciation for tax purposes	345,138	348,079
Employee benefit liability	(18,589)	(20,445)
Losses and other credits available for offset against future taxable income	(102,356)	(97,479)
Revaluation of investment property to fair value	(1,508)	(1,508)
Others	(46,821)	(40,511)
	240,996	247,501

11.6 Current Tax Liability

	2022	2021
Balance at the beginning of the year	30,685	49,281
Charge for the year	13,902	13,646
Payments, adjustments and set off against refunds	(19,665)	(27,378)
Transfer to income tax recoverable	22	(4,864)
Balance at the end of the year	24,944	30,685

The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, incorporating announcements implemented by the Inland Revenue Circular Nos. PN/IT/2020-03 (Revised) and PN/IT/2021-01 was Gazetted on 18th March 2021.

The Company has contingent liabilities amounting to Rs. 174 Mn (2021 – Rs. 168 Mn). These have been arrived at after discussing with independent legal and tax experts and based on information available. All assumptions are revisited as of the reporting date (Refer note 32)

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022 and is applicable to the John Keells Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 million, for the year of assessment 2020/2021. The liability is computed at the rate of 25 per cent on the taxable income of the individual Group companies, net of dividends from subsidiaries.

As the Act was certified by the Speaker of Parliament after the financial reporting date, no liability has been recognized in FY 2021/2022 on account of the one-off Surcharge Tax as the law had not been enacted as at 31st March 2022.

All values are in Rupees' 000s, unless otherwise stated

Total Surcharge Tax liability of LKR 14.2 Mn will be recognized in the financial statements of FY 2022/2023 for the Company respectively as an adjustment to the 1st April 2021 retained earnings in the statement of Changes in Equity as per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

On 20th April 2022, the Company paid LKR 7.1 Mn respectively on account of the first instalment of the Surcharge Tax liability with the balance payable on 20th July 2022.

12. (LOSS) / EARNINGS PER SHARE

Basic (Loss)/Earnings per share

(Loss)/earnings per share is calculated on the profit/(loss) attributable to the shareholders of the Company over the weighted average number of ordinary shares outstanding during the year, as required by Sri Lanka Accounting Standard 33 "Earnings per share

Diluted (Loss)/Earnings per share

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. Therefore diluted earning Per share is the same as basic (loss)/earnings per share.

For the year ended 31st March	2022	2021
(Loss) / profit attributable to ordinary shareholders of the company (Rs. '000)	4,100	(818,746)
Weighted average number of ordinary shares ('000)	200,000	200,000
Basic/diluted earnings/(loss) per share (Rs.)	0.02	(4.09)

13. DIVIDENDS PER SHARE

No dividend declared for the financial year ended 31st March 2022 and 2021.

14. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of recognition

Property plant and equipment are stated at cost of purchase or valuation less accumulated depreciation, and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

The Company applies the revaluation model for buildings. Such properties are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. Revaluations are made at least every five years to ensure that their carrying amounts do not defer materially from their fair values at the reporting date.

When an asset is revalued, any increase in carrying amount is recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances the increase is recognized as income to the extent of the previous write down.

Notes to the Financial Statements contd.

When an asset's carrying amount is decreased as a result of revaluation, the decrease is recognized as an expense unless it reverses a previous surplus relating to that asset. In such case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

The Company applies cost model for other property plant and equipment which are stated at historical cost, less depreciation less any accumulated impairment losses.

Subsequent measurement

The cost of replacing a part of an item of property plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

Derecognition

An item of property, plant and equipment are derecognized 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 Statement of Profit or Loss in the year the asset is derecognized.

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.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that asset is derecognized.

Assets	Years
Plant and machinery	20
Computer equipment	5
Kitchen and laundry equipment	15
Hotel equipment	15
Motor vehicles	5
Motor vehicles - floating restaurant	18
Base stock	10
Circulating assets	3
Furniture and fittings	15

Buildings are depreciated using the straight line method over the remaining lease period of 58 years.

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

Capital work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred on property, plant and equipment, awaiting capitalization.

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

14.1 Valuation of Property, Plant and Equipment continued

The Company uses the revaluation model of measurement for buildings. The Company engaged P. B.Kalugalagedera & Associates, an accredited independent valuer, to determine the fair value of its buildings. Fair value is determined by reference to market-based evidence. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent valuation was 31st December 2021. Further, there is no significant change in the fair value as at 31st March 2022. Details of company's buildings stated at valuation are indicated below.

Property	Method of valuation	Effective date of valuation	Property valuer
Two buildings (Extent -Hotel Building 316,063 sq.ft. HR Building 28,320 sq.ft) No 115, Sir Chittampalam A Gardiner Mawatha Colombo 02	Direct capital comparison method This method is primarily based on the principle of substitution, where the purchaser would be unwilling to pay more for a specific property than the cost of obtaining a comparable, competitive property with the same utility, on the open market, provided there is no delay in making the acquisition.	31st December 2021	P B Kalugalagedera & Associates Chartered Valuation Surveyor

The fair value measurement for property, plant and equipment has been categorized as a level 3 fair value based on the inputs to the valuation.

Type of Asset	Fair value as at 31.12.2021 Rs.	Valuation technique	Significant unobservable inputs	Estimates for unobservable inputs	Sensitivity of fair value to unobservable inputs
Building on lease hold land	2,659,928,000	Direct capital comparison method This method is primarily based on the principle of substitution, where the purchaser would be unwilling to pay more for a specific property than the cost of obtaining a comparable, competitive property with the same utility, on the open market, provided there is no delay in making the acquisition.	Estimated price per square feet	Rs. 7,500/- per sq. ft. Rs. 3,350/- per sq. ft. Rs. 5,975/- per sq. ft. Rs. 500/- per sq. ft. Rs. 400/- per sq.ft.	Estimated fair value will increase/(decrease) if the price per square feet for building increase/(decrease)
			Capitalisation rate	6.25% & 3% for 58 years	Estimated fair value will increase/(decrease) if the capitalisation rate (increase)/decrease

The carried amount of fair value of buildings if they were carried at cost less depreciation would be as follows,

As at 31st March	2022	2021
Cost	2,217,233	2,208,495
Accumulated depreciation	(703,038)	(653,937)
Disposals	(26,821)	(26,821)
Carrying value	1,487,374	1,527,737

a) Impairment

Businesses continued to respond with specific plans to enable smooth and uninterrupted functioning of businesses and operations, despite some of the immediate term challenges due to constraints on supply chains and electricity and fuel disruptions, whilst maintaining strict adherence to Government directives and health and safety considerations. The Company managed to circumvent these issues without a significant impact on output. As such, the Company has not determined impairment as at the reporting date.

All values are in Rupees' 000s, unless otherwise stated

Revaluation of land and buildings

The Company uses the revaluation model of measurement of land and buildings. The Company 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The date of the most recent revaluation carried out was on 31st December 2021.

The valuations as of 31st December 2021 contained a higher estimation uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value. The value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

15. RIGHT OF USE ASSETS

Accounting Policy

The Company 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 Company 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.

	2022	2021
Balance at the beginning of the year	731,836	744,240
Amortisation expense	(12,404)	(12,404)
Balance at the end of the year	719,432	731,836

Right of use assets is the land which the hotel (Trans Asia Hotels) is located. The leasehold land is on a 99 years long term lease agreement entered with the Urban Development Authority, Sri Lanka, which commenced from 7th August 1981 and is being amortised on a straight line basis over a period of 94 years which commenced from 1st April 1986.

The Company has not determined impairment as at the reporting date due to the COVID-19 pandemic as each business unit implemented its business continuity plans which were operationalised during the early days of the pandemic. Businesses also developed and instituted COVID-19-specific response plans and teams to enable smooth and uninterrupted functioning of businesses and operations to the extent possible, whilst maintaining strict adherence to Government directives and health and safety considerations in situations where normal operations are disrupted.

15.1 Details of Right of Use Assets

Property In Rs. '000s	Land extent (in acres)	Lease period	2022	2021
Trans Asia Hotels PLC, Colombo	A07 - R01 - P24.28	99 years from 07-08-1981	719,432	731,836

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

16. INVESTMENT PROPERTY

Accounting Policy

Basis of recognition and measurement

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit and loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self - constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

	2022	2021
Balance at the beginning of the year	2,765,506	2,875,025
Change in fair value during the year	167,226	(109,519)
Balance at the end of the year	2,932,732	2,765,506

16.1 Valuation Details of Investment Property

Fair value of the Investment Property is ascertained by independent valuations carried out by M/s P.B. Kalugalagedara, Chartered Valuation Surveyors, who have recent experience in valuing properties of akin location and category. Investment Property is appraised in accordance with LKAS 40.

In determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have considered the property location and size.

The fair value measurement for Investment Property has been categorized as a level 3 fair value, based on the inputs to the valuation technique used.

The Commercial Centre was revalued on 31st December 2021 by qualified valuers and the surplus arising from the valuation was transferred to the statement of profit or loss.

As per the valuer's opinion, there is no significant change in the fair value as at 31st March 2022.

As at 31st March Property	Method of Valuation	2022	2021
Leasehold property	Direct capital comparison method	2,932,732	2,765,506
Commercial Centre (Land extent - A 01 - R02 - P30.0, Building extent - 55,548 sq.ft. - Number of Buildings-1)	This method is primarily based on the principle of substitution, where the purchaser would be unwilling to pay more for a specific property than the cost of obtaining a comparable, competitive property with the same utility, on the open market, provided there is no delay in making the acquisition.		
No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02			

Rental income earned from Investment Property by the Company amounted to Rs. 66 Million (2021 - Rs. 65 Million) and direct operating expenses incurred by the Company amounted to Rs. 8 Million (2021 - Rs. 8 Million).

All values are in Rupees' 000s, unless otherwise stated

16.2 Description of Valuation Techniques Used and Key Inputs and Assumptions Used for Valuation

Property	Valuation technique	Significant unobservable Inputs	Estimates for unobservable inputs	Sensitivity of fair value to unobservable inputs
Commercial Centre building	Direct capital comparison method This method is primarily based on the principle of substitution, where the purchaser would be unwilling to pay more for a specific property than the cost of obtaining a comparable, competitive property with the same utility, on the open market, provided there is no delay in making the acquisition.	▪ Capitalisation rate	▪ 6.25% & 3% for 58 years	Estimated fair value will increase/(decrease) if the capitalisation rate (increase)/decrease
		▪ Price per building square feet	▪ Rs. 3,725	Estimated fair value will increase/(decrease) if the price per square feet for building increase/(decrease)
		▪ Estimated price per land perch	▪ Rs. 15.5 Mn	Estimated fair value will increase/(decrease) if the price per perch for land increase/(decrease)

The valuations as of 31st December 2021 contained a higher estimation uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value. The value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

17. INTANGIBLE ASSETS

Accounting Policy

Recognition and Measurement

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or other services, rental to others or for administrative purpose.

An intangible asset is initially recognized at cost, if it is probable that future economic benefits will flow to the enterprise, and the cost of assets can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Computer Software

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

Amortisation

Intangible assets with finite lives are amortized over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortized on a straight line basis from the date on which the asset was available for use, over the best estimate of its useful life. The estimated useful life of software is five years. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end.

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

De-recognition

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

	2022	2021
Computer software		
Cost		
Balance at the beginning of the year	26,863	26,863
Disposal	(23,936)	-
Balance at the end of the year	2,927	26,863
Accumulated amortization		
Balance at the beginning of the year	26,174	25,857
Amortisation for the year	280	317
Disposal	(23,936)	-
Balance at the end of the year	2,518	26,174
Carrying amount	409	689

18. INVENTORIES

Accounting Policy

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

As at 31st March	2022	2021
Food	23,193	8,780
Beverage	22,434	13,065
Engineering spares	9,695	8,340
Guest supplies	4,709	2,212
Others	9,391	4,856
Less: Provision for slow moving inventory	(451)	(718)
	68,971	36,535

19. TRADE AND OTHER RECEIVABLES

See Note 4(b) for the accounting policy on financial instruments

As at 31st March	2022	2021
Trade receivables	442,001	318,570
Less: Provision for impairment (Note 19.1)	(286,119)	(289,365)
	155,882	29,205
Advances and deposits	36,631	31,243
Staff loans recovered within one year (Note 29.2.3)	3,093	3,179
	39,724	34,422
	195,606	63,627

All values are in Rupees' 000s, unless otherwise stated

19.1 Provision for Impairment of Trade Receivables

	2022	2021
Balance at the beginning of the year	289,365	13,051
Provision charged during the year	(3,246)	276,314
Balance at the end of the year	286,119	289,365

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. 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 rearrangement of homogeneous Companies. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

20. OTHER CURRENT ASSETS

As at 31st March	2022	2021
Advances to other creditors	38,752	311
Prepayments	38,101	34,291
VAT recoverable	65,715	13,911
WHT recoverable	-	8
	142,568	48,521

21. STATED CAPITAL

Accounting Policy

The ordinary shares of the Trans Asia 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.

As at 31st March	2022	2021
Issued and fully paid 200,000,000 ordinary shares	1,112,880	1,112,880

22. OTHER COMPONENTS OF EQUITY

	2022	2021
Balance at the beginning of the year	1,513,315	1,503,708
Transferred to revenue reserve	(25,134)	(25,134)
Share based payments - (Note 24)	937	488
Revaluation loss on Building net of tax	35,426	34,253
Balance at the end of the year	1,524,544	1,513,315

22.1 Revaluation Reserve

Revaluation reserve relates to the revaluation of property, plant and equipment.

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

23. INTEREST-BEARING LOANS AND BORROWINGS

See Note 4(b) for the accounting policy of financial instrument

	2022	2021
Balance at the beginning of the year	217,527	186,573
Cash Changes		
Loans obtained	-	25,000
Repayments	(69,935)	(12,500)
Non Cash Changes		
Accrued Interest	10,307	8,446
Exchange difference	78,647	10,008
At the end of the year	236,546	217,527
Repayable within one year	179,358	177,511
Repayable after one year	57,188	40,016
	236,546	217,527

Security and repayment terms

Nature of facility	Interest rate	Repayment terms	Collaterals	2022		2021	
				Face value	Carrying Value	Face value	Carrying Value
Term Loan (USD)	LIBOR+Margin	Capital Repayment in 4 equal quarterly instalments of USD 187,500 commencing on 01.07.2022. Interest to be serviced monthly.	None	226,239	226,239	187,782	187,782
Interest accrued on term loan USD during COVID-19 moratorium phase 1 and 2	LIBOR+Margin	To be repaid in one instalment on 01.07.2022	None	10,307	10,307	17,245	17,245
Saubhagya Loan	4%	6 Equal instalments commencing from January 2021	None	-	-	12,500	12,500

The Company continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Company companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Company. The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

24. SHARE-BASED PAYMENT PLANS

Accounting Policy

In accounting for employee remuneration in the form of shares, SLFRS 2- Share Based Payments, is effective for the Company's Ultimate Parent entity John Keells Holdings PLC, from the financial year beginning 2013/14.

Employees of the Company receive remuneration in the form of share- based payment transactions, whereby employees render services as consideration for equity instruments of the Parent entity, John Keells Holdings PLC (equity-settled transactions). The cost of the employee services received in respect of the shares or share options granted is recognized in the income statement

All values are in Rupees' 000s, unless otherwise stated

over the period that employees provide services, from the time when the award is granted up to the vesting date of the options. The overall cost of the award is calculated using the number of share options expected to vest and the fair value of the options at the date of grant.

The employee remuneration expense resulting from the Group's share option scheme to the employees of Trans Asia Hotels PLC is recognized in the income statement of the Company. This transaction does not result in a cash outflow to the company and expense recognized is met with a corresponding equity reserve increase, thus having no impact on the statement of financial position (SOPF). The fair value of the options granted is determined by the Group using an option valuation model and the relevant details are communicated by the Group to all applicable subsidiary companies.

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 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 Group does not have a past practice of cash settlement for these share options.

The expense recognized for employee services received during the year is shown in the following table:

	2022	2021
Expense arising from equity-settled share-based payment transactions	937	488
Total expense arising from share-based payment transactions	937	488

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:

	2022		2021	
	No.	WAEP	No.	WAEP
Outstanding at 1st April	194,393	159.37	260,167	157.37
Granted during the year	51,700	136.64	-	-
Transfer In/(Out)	(25,236)	158.19		
Lapses/forfeited during the year	(65,844)	148.96	(65,774)	151.44
Outstanding at 31st March	155,013	159.37	194,393	159.37
Exercisable at 31st March	95,777	167.26	157,578	158.41

Fair value of the share option and assumptions

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 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.

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

25. EMPLOYEE BENEFITS

Accounting Policy

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity- and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Employees are eligible for Employees' Provident Fund contributions and Employees Trust Fund contributions in line with respective statutes and regulations. The Company contributes 12 percent and 3 percent of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognized in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 -'Employee Benefits'. Such actuarial valuations will be carried out every year. The liability is not externally funded. All Actuarial gains or losses are recognized under other comprehensive income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

When the benefits or a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

	2022	2021
Balance at the beginning of the year	146,037	137,681
Current service cost	6,687	10,836
Interest cost	11,683	15,145
Transfer in	2,356	210
Transfer out	(5,494)	(1,319)
Payments made during the year	(22,706)	(16,420)
Actuarial gain arising from changes in the assumptions in the previous years	(5,781)	(96)
Balance at the end of the year	132,782	146,037

The employee benefit liability of the Company is based on the actuarial valuation carried out by Mr. Poopalanathan AIA, Messrs. Actuarial and Management Consultants (Pvt) Ltd., a firm of professional actuaries as at 31st March 2022.

25.1 Provision Recognised in the Income Statement

For the year ended 31st March	2022	2021
Current service cost	6,687	10,836
Interest cost	11,683	15,145
Total Provision recognised in the Income Statement	18,370	25,981

25.2 Provision Recognised in Other Comprehensive Income

Actuarial gain during the year	(5,781)	(96)
Total Provision recognised in Other Comprehensive Income	(5,781)	(96)

All values are in Rupees' 000s, unless otherwise stated

During 2021/22, the pension arrangements for employees were adjusted to reflect new legal requirement as per minimum retirement age of workers Act No. 28 of 2021 regarding the retirement age. As a result of the plan amendment, the company defined benefit obligation decreased by Rs. 2.9 Mn. A corresponding past service credit was recognized in statement of profit or loss during 2021/2022.

The principal assumptions used in determining the cost of employee benefits were:

	2022	2021
Discount rate	9%	8%
Future salary increases	8%	8%

Sensitivity of assumptions used

If a one percentage point change in the assumptions it would have the following effects:

	2022		2021	
	Discount rate	Salary increment	Discount rate	Salary increment
Effect on the defined benefit obligation liability				
Increase by one percentage point	(7,366)	8,418	(5,925)	6,673
Decrease by one percentage point	8,132	(7,753)	6,435	(6,253)

The Management tested several scenarios based calculations on possible changes of the assumptions due to the prevailing macroeconomic conditions. Based on those calculations, the management has concluded that there is no material impact to retirement benefit obligations liability of the Company.

Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years.

Future working life time As at 31st March	Defined Benefit Obligation	
	2022	2021
Within the next 12 months	16,073	23,450
Between 1 and 2 years	21,265	33,593
Between 2 and 5 years	28,524	55,278
Between 5 and 10 years	51,270	23,441
Beyond 10 years	15,650	10,275
Total expected payments	132,782	146,037

The average duration of the defined benefit plan obligation at the end of the reporting period is 6.31 years .

26. TRADE AND OTHER PAYABLES

As at 31st March	2022	2021
Trade payables	92,317	79,392
Contract Liabilities	9,806	10,048
Advances and deposits received	53,969	47,881
Accruals and other payables	157,529	149,819
Staff payables	69,838	23,319
	383,459	310,459

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

27. OTHER CURRENT LIABILITIES

As at 31st March	2022	2021
Contract Liabilities (Banquet Advance)	120,323	85,006
Other advances	16,936	8,339
Other taxes payable	5,144	5,617
	142,403	98,962

28. RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

The Company carries out transactions in the ordinary course of business on an arm's length basis with parties who are defined as Related Parties in "Sri Lanka Accounting Standards (LKAS 24) Related Party Disclosures", the details of which are reported below. Outstanding current account balances at the year end are unsecured, interest free and settlements occur in cash.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31st March 2021 audited financial statements, which required additional disclosures in the 2021/22 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 recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31st March 2021 audited financial Statements, which required additional disclosures in the 2021/22 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.

The parent entity of the Company is Asian Hotels and Properties PLC. In the opinion of the directors, the ultimate parent undertaking and controlling entity is John Keells Holdings PLC which is incorporated in Sri Lanka.

All values are in Rupees' 000s, unless otherwise stated

28.1 Transactions with Related Companies

For the year ended 31st March	2022	2021
Ultimate Parent John Keells Holdings PLC		
Rendering of Services	2,459	256
Receiving of Services	(38,793)	(38,872)
Rent Received	28,693	27,767
Parent Asian Hotels and Properties PLC		
Rendering of services	328	4
Receiving of services	(3,838)	(660)
Transactions with Companies under common control of John Keells Holdings PLC		
Purchase of Goods	(56)	(7)
Rendering of services	19,648	6,928
Receiving of services	(157,363)	(76,738)
Rent Received	62,223	42,484
Equity accounted investees of John Keells Holdings PLC		
Rendering of services	1,866	633
Receiving of services	(115)	(5,283)

Transaction with Key Management Personnel (KMP)

According to 'Sri Lanka Accounting Standards (LKAS 24)' Key Management Personnel are those having authority and responsibility for planning and controlling activities of the entity. Accordingly, the Directors of the Company (including Executive and Non Executive Directors) have been classified as KMP of the Company.

Compensation of key management personnel		
Short term employee benefits	6,000	4,920
Key management personnel		
Rendering services	471	225

Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transaction Review Committee".

See Note 4(b) for the accounting policy of financial instrument

As at 31st March	2022	2021
28.2 Amounts Due from Related Parties		
Ultimate parent - John Keells Holdings PLC	4,285	5,632
Parent - Asian Hotels and Properties PLC	1,461	592
Companies under common control of JKH PLC (28.3)	14,522	8,658
	20,268	14,882

28.3 Companies Under Common Control of JKH PLC

Walkers Tours Limited	2,371	3,312
Cinnamon Hotel Management Ltd	5,958	2,998
Others	6,193	2,348
	14,522	8,658

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

28.4 Amounts Due to Related Parties

See Note 4 (b) for the accounting policy of financial instrument

As at 31st March	2022	2021
Ultimate parent – John Keells Holdings PLC	4,512	4,000
Parent-Asian Hotels and Properties PLC	1,050	1,856
Cinnamon Hotel Management Ltd	28,902	8,090
Companies under the common control of John Keells Holdings PLC	1,866	901
	36,330	14,847

29. FINANCIAL INSTRUMENTS

29.1 Financial Assets and Liabilities by Categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

Financial assets and liabilities by categories	Financial Assets at amortized cost		Financial Liabilities at amortized cost	
As at 31st March	2022	2021	2022	2021
Financial instruments in non-current assets/(liabilities)				
Other non-current assets	2,093	2,024	-	-
Non current financial assets	15,001	12,547	-	-
Interest bearing loans and borrowings	-	-	(57,188)	(40,016)
Financial instruments in current assets/(liabilities)				
Trade and other receivables / payables	195,606	63,627	(265,785)	(200,118)
Amounts due from / due to related parties	20,268	14,882	(36,330)	(14,847)
Cash in hand and at bank	55,271	70,803	-	-
Bank overdrafts	-	-	(468,303)	(262,124)
Current portion of interest bearing borrowings	-	-	(179,358)	(177,511)
Total	288,239	163,883	(1,006,964)	(694,616)

The management assessed that the fair value of cash, trade receivables, trade payables, bank overdrafts and other current financial liabilities are approximate their carrying amounts largely due to the short-term maturities of these instruments. Accordingly the fair value hierarchy does not apply.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

29.2 Financial Risk Management Objectives and Policies

Financial instruments held by the Company, principally comprises of cash, loans and other receivables, trade and other receivables, trades and other payables, related party receivable & payables and Interest bearing loans and borrowings

The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company.

Financial risk management of the Company is carried out based on guidelines established by its parent company's central treasury department (Group Treasury) which comes under the purview of the Group Executive Committee (GEC) of the parent Company. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Hotel's operating unit. The parent company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk and foreign currency risk.

All values are in Rupees' 000s, unless otherwise stated

The Company 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 Company's risk management process are based and designed to identify and analyze these risks throughout the Company, 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 Company manages and monitors these risks primarily through its operating and financing activities.

Audit committee of the Company monitors how management compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

29.2.1 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 Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company trades only with recognized, creditworthy third parties. It is the Company'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 Company's exposure to bad debts is not significant.

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

COVID 19 impact on the credit risk is presented in Note 19.

29.2.2 Credit risk exposure

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

	Note	Other non current financial assets	Cash at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total	% of allocation
As at 31st March 2022								
Loans to executives	29.2.3	17,094	-	3,093	-	-	20,187	8%
Trade and other receivables	29.2.4	-	-	155,882	-	-	155,882	63%
Amounts due from related parties	29.2.5	-	-	-	-	20,268	20,268	8%
Bank balances	29.2.6	-	53,173	-	-	-	53,173	21%
Total credit risk exposure		17,094	53,173	158,975	-	20,268	249,510	100%
As at 31st March 2021								
Loans to executives	29.2.3	14,571	-	3,179	-	-	17,750	14%
Trade and other receivables	29.2.4	-	-	29,205	-	-	29,205	22%
Amounts due from related parties	29.2.5	-	-	-	-	14,882	14,882	11%
Bank balances	29.2.6	-	69,255	-	-	-	69,255	53%
Total credit risk exposure		14,571	69,255	32,384	-	14,882	131,092	100%

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

29.2.3 Loans to executives

As at 31st March	2022	2021
At the beginning of the year	17,750	14,168
Loans granted	19,250	11,000
Recoveries	(16,813)	(7,418)
At the end of the year	20,187	17,750
Receivable within one year (Note 19)	3,093	3,179
Non Current Financial Assets		
Receivable between one and five years	17,094	14,571
	20,187	17,750

29.2.4 Trade receivables

Age analysis of trade receivables and other carrying value net of impairment losses is given below:

As at 31st March	2022	2021
Neither past due nor impaired	22,952	1,151
Past due but not impaired		
< 30 days	71,637	21,863
31 - 60 days	32,723	12,410
61 - 90 days	21,097	(1,624)
91 - 120 days	6,604	(6,633)
121 - 180 days	7,703	(2,222)
> 180 days	279,285	293,625
Gross carrying value	442,001	318,570
Less: impairment provision		
Individually assessed impairment provision	(286,119)	(289,365)
Total	155,882	29,205

The Company has obtained customer deposits from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analyzed at each reporting date on an individual basis for major customers.

29.2.5 Amounts due from related parties

The Company's amounts due from related party mainly consists balances from related companies.

29.2.6 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 rating for its deposits. The Company held cash in hand and at bank of Rs. 55.2 Million excluding bank overdrafts as at 31st March 2022 (2021 Rs. 70.8 Million).

29.3 Liquidity Risk

Liquidity risk is the risk that the Company encounter a difficulty in meeting the obligation associated with it's financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

The Company monitors the level of expected cash inflows on trade and other receivable together with expected cash outflows on trade and other payables as at 31st March 2022. The expected cash flow from trade and other receivables maturing within two months was Rs. 162 Million (2021 - Rs. 102 Million).

All values are in Rupees' 000s, unless otherwise stated

This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

The Company has approved overdraft facilities amounting to Rs. 846.2 Million as at 31st March 2022 of which Rs. 364.8 Million had been utilized as at 31st March 2022.

The following are the remaining contractual maturities at the end of reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying Amount	Total	2 Months or less	2-12 Months	1-2 Year	2-5 Years	More than 5 years
Contractual cash flows - 2022							
Trade payables	92,317	92,317	92,317	-	-	-	-
Staff payables	69,838	69,838	69,838	-	-	-	-
Amount due to related parties	36,330	36,330	36,330	-	-	-	-
Loans and borrowings	236,546	236,546	-	179,358	57,188	-	-
Contractual cash flows - 2021							
Trade payables	79,392	79,392	79,392	-	-	-	-
Staff payables	23,319	23,319	23,319	-	-	-	-
Amount due to related parties	14,847	14,847	14,847	-	-	-	-
Loans and borrowings	217,527	217,527	-	177,511	40,016	-	-

Management of Liquidity risk

The Company's approach to managing liquidity is to as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company monitors the level of expected cash flows on trade and other receivables together with expected cash outflow on trade and other payables and it expected a significant portion of Trade receivables as at the reporting date would mature within a shorter period of time, given the historical trends, which enable to meet its contractual obligations.

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

The Company continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between banks regarding financing requirements, ensures that availability within borrower limit is optimised by efficiently reallocating under-utilised facilities within the Company.

The daily cash management processes of the Company include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

29.4 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Notes to the Financial Statements contd.

All values are in Rupees' 000s, unless otherwise stated

29.4.1 Currency risk

Foreign currency risk is that the fair value or future cash flows of a financial instrument will fluctuate, due to changes in foreign exchange rates. Company as at the reporting date, do not hold significant "Financial Instruments" denominated in currencies other than its functional /reporting currency, hence do not get significantly exposed to currency risk from transaction of such balances in to the functional/reporting currency, which is Sri Lankan Rupees.

The bank loan obtained in US Dollar terms are matched with US Dollar receipts from customers.

The annual average US Dollar receipts of the Company is USD 393,300 approximately.

However, Company engages in transactions associated with foreign currencies in its ordinary course of operations, hence exposed to 'Currency risk'.

Across the industry, the hotel rates targeting the foreign tourists are quoted in US Dollar terms, However a fluctuation in the exchange rate will not have a significant impact since majority of the quotes are converted to local currency at the point of invoicing. The Company monitors fluctuations in foreign exchange rates and takes precautionary measures to revise its exchange rates on a regular basis. In an attempt to mitigate the exposure to currency risk arising from its transactions.

The Sri Lankan Rupee witnessed significant volatility, particularly during the latter part of the year. Whilst the exchange rate was maintained at stable levels during the year, as per the guidelines issued to the banks by the Central Bank of Sri Lanka, the currency depreciated sharply in March 2022 once the CBSL allowed a free float of the currency which resulted in a steep depreciation of the LKR by 31st March 2022. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances. The lack of confidence in the market however resulted in a sharp reduction in foreign currency employment remittances which exacerbated the liquidity situation. . The Company adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. At a Company level, the translation risk on foreign currency debt is largely hedged "naturally" as a result of the conscious strategy of maintaining US Dollar cash balances at the holding company whilst also ensuring obligations can be managed through US Dollar denominated revenue streams. The Company was able to navigate the liquidity challenges through matching its obligations with foreign currency inflows as far as possible while also using the strength of the Company balance sheet to manage the situation.

Interest rate risk

Interest rate mainly arises as a result of Company having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. The company is exposed to interest rate risk for USD loan obtained from Hatton National Bank PLC. However, management monitors the sensitivities on regular basis and ensure risks are managed on a timely manner.

The Central Bank of Sri Lanka adopted a tightening monetary policy stance during the latter half of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post the end of the reporting period. Such actions have raised monetary policy rates significantly and helped bridge the gap between policy and market interest rates. The Company proactively managed the risk of increasing interest rates by re-balancing its portfolio of borrowings and moved a sizeable portion of the Sri Lankan Rupee (LKR) borrowings on a long-term basis. Further, where relevant and possible, a majority of the LKR long-term facilities were on a fixed rate basis over the tenor of the loan. In respect of the Company's foreign currency borrowing portfolio, interest rate swap agreements are in place for a sizeable portion of the facilities.

All values are in Rupees' 000s, unless otherwise stated

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's and the Company's profit before tax.

	Increase/(decrease) in basis points		Effect on profit before tax Rs.000's
	Rupee borrowings	Other currency borrowings	
2022	+276	+ 30	(13,719)
	-276	- 30	13,719
2021	+ 375	+ 87	(9,615)
	- 375	- 87	9,615

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base rates such as AWPLR and LIBOR.

30. SEGMENT INFORMATION

Accounting Policy

A segment is a distinguishable component of the Company that is engaged either in providing products or services which are subject to risks and rewards that are different from those of other segments. The rental income generated from the Commercial Centre which is categorized as Investment Property is shown separately.

The Company has the following two strategic division, which are its reportable segments.

Reportable Segment	Operation
Hotel	Hoteliering activities
Investment property	Renting out building premises

For the year ended 31st March	Hotel		Investment Property		Total	
	2022	2021	2022	2021	2022	2021
Revenue from contracts with customers	1,751,271	745,920	65,953	65,048	1,817,224	810,968
Other Operating Income	30,377	3,717	-	-	30,377	3,717
Expenses	(1,880,995)	(1,622,515)	(8,579)	(8,189)	(1,889,574)	(1,630,704)
Net Finance cost	(120,315)	(20,481)	-	-	(120,315)	(20,481)
Change in Fair Value of Investment Property	-	-	167,226	(109,519)	167,226	(109,519)
Profit/(loss) before Taxation	(219,662)	(893,359)	224,600	(52,660)	4,938	(946,019)
Segment Assets	4,622,613	4,406,783	2,932,732	2,765,506	7,555,345	7,172,289
Segment Liabilities	1,665,763	1,328,142	-	-	1,665,763	1,328,142

Notes to the Financial Statements contd.

31. CAPITAL MANAGEMENT

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

Company 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 Company may issue new shares, have a rights issue or buy back of shares.

	2022	2021
Total liabilities	1,665,763	1,328,142
Less: cash and short term deposits	55,271	70,803
Adjusted net debt	1,610,492	1,257,339
Total equity	5,889,582	5,844,147
Adjusted net debt to adjusted equity ratio	27%	22%

32. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Accounting Policy

Provisions

Provisions are recognized when the Company 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.

Contingent liabilities

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

The contingent liabilities of the Company as at 31st March 2022 relates to the following:

IFRIC 23 – Uncertainty over Income Tax Treatments

In the event it is deemed that leasehold building be considered as “Capital Assets used in the business”, the Company would have to make an additional deferred tax charge in the statement of profit or loss and other comprehensive income, with a consequential increase in the deferred tax liability on the statement of financial position for the year ended 31st March 2022, as shown below:

Description	2022	2021
In. Rs'000s		
Leasehold building classified as Investment Property which may have a Profit or Loss Impact	603	603

Income Tax Assessments

Income tax assessments relating to years of assessments 2012/13 to 2017/2018. 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 31st March 2022 is estimated at Rs. 174 Mn.

CMC Tax Matter

In the year 2009, Colombo Municipal Council (CMC) imposed a trade tax on the hotel revenue for all the hotels within the city limits with subsequent gazetted amendments. However, the hoteliers together with Tourist Hotels Association of Sri Lanka (THASL) are in the process of negotiations with CMC through court, for which the resolution is still pending. Accordingly, the Company has made a provision in the financial statements amounting to Rs. 3 million per year based on the guidelines issued by THASL.

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 company.

The Capital commitments of the Company as at the reporting date as follows.

The Company had capital expenditures contracted for Rs. 356 Mn as at 31st March 2022, which were not provided in the financial statements

Bank guarantees

Guarantee	Amount	Purpose
Tax appeals commission	20,161,902	Tax Appeal
Airport and Aviation Services	2,861,892	Security Deposit for the rental
Sri Lanka Ports Authority	3,636,000	Security deposit for rental

33. EVENTS AFTER THE REPORTING DATE

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022. Financial impact arising from the same is discussed in Note 11.

There have been no events subsequent to the reporting date which would have any material effect on the Company.

34. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is responsible for the preparation and presentation of the Financial Statements. Please refer to the page 70 for the Statement of Directors' Responsibility for Financial Reporting.

Quarterly Financial Data for the Financial Year Ended 31st March 2022

Income Statement

For the Quarter ended	30 Jun '21	30 Sep'21	31 Dec '21	31 Mar '22	Total for the Year
Turnover	181,703	252,891	628,394	754,236	1,817,224
Cost of Sales	(154,582)	(169,603)	(355,364)	(395,189)	(1,074,738)
Gross Profit	27,121	83,288	273,030	359,047	742,486
Other Operating Income	191	1,491	365	28,330	30,377
Administrative Expenses	(107,438)	(131,323)	(153,054)	(163,026)	(554,841)
Sales and Marketing Expenses	(22,087)	(24,855)	(29,150)	(4,777)	(80,869)
Other Operating Expenses	(34,858)	(40,150)	(54,244)	(49,874)	(179,126)
Profit from Operating Activities	(137,071)	(111,549)	36,947	169,700	(41,973)
Finance Cost	(10,928)	(9,163)	(11,121)	(90,961)	(122,173)
Finance Income	544	429	466	419	1,858
Change in Fair Value of Investment Property	-	-	-	167,226	167,226
(Loss)/ Profit before Taxation	(147,455)	(120,283)	26,292	246,384	4,938
Taxation	18,937	579	8,337	(28,691)	(838)
(Loss)/ Profit after Taxation	(128,518)	(119,704)	34,629	217,693	4,100
(Loss)/ Earnings Per Share	(0.64)	(0.59)	0.17	1.09	0.02

Balance Sheet As at	30 Jun'21	30 Sep'21	31 Dec'21	31 Mar'22
Net Assets				
Property, Plant & Equipment	3,389,018	3,361,734	3,360,514	3,402,994
Other Non Current Assets	3,512,633	3,503,211	3,503,175	3,669,667
Net Current Assets	(819,190)	(796,618)	(813,352)	(752,113)
	6,082,461	6,068,327	6,050,137	6,320,548
Less : Non Current Liabilities	(366,731)	(470,628)	(418,882)	(430,966)
	5,715,730	5,597,699	5,631,255	5,889,582
Shareholders' Funds				
Stated capital and revenue reserves	1,112,880	1,112,880	1,112,880	1,112,880
Other components of equity	4,602,850	4,484,819	4,518,375	4,776,702
	5,715,730	5,597,699	5,631,255	5,889,582
Net Assets Per Share	28.58	27.99	28.16	29.45

Five Year Financial Summary & Key Indicators

In Rs.'000s	21/22	20/21	19/20	18/19	17/18
Revenue					
Rooms	432,563	38,058	823,571	1,333,449	1,536,986
Food	993,373	464,747	1,078,000	1,044,878	1,173,681
Beverages	163,491	124,447	136,032	135,822	151,916
Food & beverage others	58,142	54,926	52,558	51,675	53,119
Investment property income	65,953	65,048	65,048	63,816	61,330
Other	103,702	63,742	173,387	195,785	221,819
Total Revenue	1,817,224	810,968	2,328,596	2,825,425	3,198,851
Direct Expenses					
Rooms	135,156	83,215	212,051	291,394	338,816
Food cost	399,060	179,288	404,852	384,526	449,173
Beverage cost	54,981	44,168	44,836	44,344	50,537
Food & beverage	444,924	328,010	433,269	418,816	455,680
Investment property cost	237	681	701	633	441
Others	40,381	29,516	81,192	90,889	115,212
Total direct expenses	1,074,739	664,878	1,176,901	1,230,602	1,409,859
Gross operating income	742,485	146,090	1,151,695	1,594,823	1,788,992
Other Expenses					
Administration & general	221,490	481,469	276,043	265,846	250,395
Advertising & sales	76,544	45,049	112,319	279,004	260,267
Heat, light & power	123,449	100,755	146,375	151,340	154,703
Repairs & maintenance	109,110	86,289	114,932	106,823	106,829
Operating fee	77,526	32,099	107,329	140,244	163,915
Marketing expenses	4,326	381	8,333	13,607	15,684
Total deductions	612,445	746,042	765,331	956,864	951,793
Gross operating profit	130,040	(599,953)	386,364	637,959	837,199
Other income	32,235	7,446	12,237	12,817	18,361
Change in fair value of investment properties	167,226	(109,519)	162,425	166,600	397,600
	199,461	(702,026)	561,026	817,376	1,253,160
Finance Cost	122,173	24,210	25,555	57,864	26,251
Insurance & rates	36,019	32,593	30,601	31,376	30,335
Depreciation & amortisation	166,371	187,190	200,838	203,816	206,855
	324,563	243,993	256,994	293,056	263,441
Net Profit/(loss) before taxation	4,938	(946,019)	304,032	524,320	989,719

Five Year Financial Summary & Key Indicators contd.

In Rs.'000s	21/22	20/21	19/20	18/19	17/18
Operating Results					
Total revenue	1,817,224	810,968	2,328,597	2,825,425	3,198,851
Sales growth %	124.08	(65.17)	(17.58)	(11.67)	(1.61)
Profit/ (Loss) from operating activities	(41,973)	(816,019)	162,504	413,980	605,095
Finance expenses	122,173	24,210	25,555	57,864	26,251
Rates, insurance, depreciation & amortisation	202,392	219,783	231,439	235,192	237,189
Net profit/(loss) before taxation	4,938	(946,019)	304,032	524,321	989,719
Shareholders' Funds					
Stated capital	1,112,880	1,112,880	1,112,880	1,112,880	1,112,880
Other components of equity	1,524,544	1,513,315	1,503,707	1,528,203	1,560,892
Revenue reserves	3,252,158	3,217,952	4,011,485	3,803,088	3,509,347
Total equity	5,889,582	5,844,147	6,628,072	6,444,171	6,183,119
Assets Employed					
Property, plant and equipment	3,402,994	3,425,319	3,547,493	3,588,941	3,685,300
Right-of-use asset	719,432	731,836	744,240	756,644	769,048
Investment property	2,932,732	2,765,506	2,875,025	2,712,600	2,546,000
Other non current assets	17,503	15,260	12,612	10,170	11,313
Net current assets	(752,113)	(660,220)	9,176	(68,720)	(161,037)
	6,320,548	6,277,701	7,188,546	6,999,635	6,850,624
Less					
Long term liabilities					
Employee benefits	132,782	146,037	137,681	141,854	137,080
Deferred tax liability	240,996	247,501	382,839	380,713	384,269
Loans and borrowings	57,188	40,016	39,954	32,897	146,156
Net assets	5,889,582	5,844,147	6,628,072	6,444,171	6,183,119
Key Indicators					
Current ratio Times	0.39	0.26	1.01	0.92	0.81
Net asset per share (Rs.)	29.45	29.22	33.14	32.22	30.92
Market price per share (Rs.)	48.20	55.90	56.30	76.40	95.00
Earnings/ (Loss) per share (Rs.)	0.02	(4.09)	1.38	2.36	4.42
Statistical Summary					
Occupancy %	24	2	42	49	63
No. of rooms occupied	30,790	3,123	53,282	61,714	79,475
Average daily rate (Rs.)	14,049	12,186	15,457	21,607	19,339

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

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Average Room Rate

Hotel revenue divided by the number of rooms sold.

Booking Engine

Application which helps the travel and tourism industry support reservation through the Internet. It helps guests to book hotel services online.

Capital Employed

Shareholders' funds plus 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.

Contingencies

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence or non- occurrence of one or more future events.

Current Ratio

Current assets divided by current liabilities.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Capital Expenditure

The total additions to property, plant and equipment.

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 an entity, the supervision of executive actions and accountability to owners and others.

Debt/Equity Ratio

Debt as a percentage of shareholders' funds.

Deferred Tax

Sum set aside in the financial statements for taxation that may become payable in a financial year other than the current financial year.

Dividend Yield

Dividend earned per share as a percentage of its market value.

Dividend Cover

The ratio of company's earnings (net income) over the dividend paid to shareholders, calculated as earnings per share divided by the dividend per share.

Dividend Per Share

Dividend per share (DPS) is the total dividends paid out over an entire year (including interim dividends but not including special dividends) divided by the number of outstanding ordinary shares issued.

Dividend Payout Ratio

The percentage of earnings paid to a shareholder as dividends.

Earnings Per Share (EPS)

Profit attributable to equity holders divided by the weighted average number of ordinary shares in issue during the period.

EBIT

Earnings before interest and tax (includes other operating income).

EBITDA

Earnings before interest, tax, depreciation and amortisation

Effective Tax Rate

Provision for taxation for the year divided by the profit before tax.

EPS Growth

Percentage increase in the EPS over the previous year.

Equity Assets Ratio

Total assets divided by shareholder's equity.

Fair Value

Fair value is the amount for which an asset could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction.

Gross Profit Margin

What remains from sales after a company pays out the cost of goods sold. To obtain gross profit margin, divide gross profit by sales. Gross profit margin is expressed as a percentage.

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 physical substance.

Interest Cover

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.

Glossary of Financial Terms contd.

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 period multiplied by the market price at end of period.

Net Assets

Total assets minus current liabilities minus long term liabilities.

Net Assets Per Share

Shareholders' funds divided by the weighted average number of ordinary shares.

Occupancy

The number of rooms occupied at a given time at the Hotel

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

Profit before interest and tax as a percentage of average capital employed at year end.

Price Earnings Ratio

Market price per share over 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.

Quick Asset Ratio

The quick ratio measures a company's ability to meet its short term obligations with its most liquid assets and is calculated as follows-
Quick Asset Ratio = (current assets- inventories)/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 Equity

Profit attributable to shareholders as a percentage of average shareholders' funds.

Room Night

One hotel room occupied for one night; a statistical unit of occupancy.

Shareholders' Funds

Stated capital plus capital and revenue reserves.

Total Debt

Long term loans plus short term loans and overdrafts.

Corporate Information

Name of the Company

Trans Asia Hotels PLC

Legal Form

A Public Limited Liability Company incorporated in Sri Lanka on 17th July, 1981 and listed on the Colombo Stock Exchange.

Company Registration Number

PQ 5

Registered Office

No. 115, Sir Chittampalam A. Gardiner Mawatha, Colombo 2.

Tel : 2491000

Fax : 2449184

E-mail : lakeside@cinnamonhotels.com

Website: <http://www.cinnamonhotels.com/cinnamonlakesidecolombo>

Board of Directors

Mr. Krishan Niraj Jayasekara Balendra - *Chairman*

Mr. Joseph Gihan Adisha Cooray

Mr. Navindra Lal Gooneratne

Mr. Cholmondeley John Lloyd Pinto
(resigned w.e.f. 25.06.2021)

Mr. Eranjith Harendra Wijenaikie
(resigned w.e.f. 25.06.2021)

Ms. Jhansi Carryl Ponniah

Mr. Mikael Ronald Svensson

Mr. Suresh Rajendra

Mr. Changa Lashantha Poojitha
Gunawaradane

Mr. Harin Amendra De Silva Wijeyeratne
(Appointed w.e.f. 25.06.2021)

Audit Committee

Mr. H. A. De. S. Wijeyeratne - *Chairman*

Mr. S. Rajendra

Ms. J. C. Ponniah

Company Secretaries and Registrars

Keells Consultants (Private) Limited
117, Sir Chittampalam A Gardiner
Mawatha Colombo 02

Auditors

Messrs. KPMG Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03

Bankers

Citibank NA

Deutsche Bank AG

Sampath Bank PLC

The Hongkong and Shanghai Banking Corporation Ltd

Nations Trust Bank PLC

People's Bank PLC

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

DFCC Bank PLC

Company Related Information Requirements

Shareholders can contact Keells Consultants (Private) Limited on 011-2306245 for any Company related information requirements.

TRANS ASIA HOTELS PLC