The foundations of Value

Trans Asia Hotels PLC
Annual Report 2022/23

CONTENTS

The foundations of Value

Trans Asia Hotels PLC, a visionary hospitality company that has embraced a foundation built upon the pillars of Greatness, Wellbeing, Trust, Compassion, Inclusivity, Agility, and Curiosity as its core values.

As we navigate a dynamic landscape of perpetual transformation, with our unwavering determination we eagerly anticipate a future marked by robust and sustained growth.

We take immense pride in our ability to curate experiences that emotionally connect with our customers, showcasing the very best of Sri Lanka with unparalleled style and elegance.

ABOUT US

Trans Asia Hotels PLC was incorporated as a public limited company in 1981 and is owned and operated by John Keells Holdings PLC, one of Sri Lanka's most diversified and respected conglomerates. It owns and operates the Cinnamon Lakeside, Colombo and is part of the John Keells Group's Cinnamon Hotels & Resorts chain.

Ranked as one of the premier 5-star city hotels in Colombo, Cinnamon Lakeside is an oasis in the heart of the city - with its proximity to the Beira Lake and picturesque landscaping. The hotel is helmed by a team of hospitality veterans who are committed to delivering a superior guest experience. The leisure property is renowned for world-class service standards and award-winning specialty restaurants.

Cinnamon Lakeside has remained resolute amidst a host of challenges during the year, welcoming guests with warmth and passion. The Hotel offers a unique blend of serenity and luxury within Sri Lanka's commercial hub which appeals to both business and leisure travellers.

PERFORMANCE HIGHLIGHTS

For the year ended 31st March	Measure	2023	2022	2021	2020	2019
Key Financial Ratios-Statement of Profit or Loss and Other Comprehensive Income						
Net revenue	Rs.000's	**3,569,025**	1,817,224	810,968	2,328,597	2,825,425
Gross profit margin	%	**42**	41	18	51	59
EBIT (Earnings Before Interest and Tax)	Rs.000's	**339,358**	178,429	(921,809)	329,587	582,185
EBIT margin	%	**10**	7	(114)	14	21
Profit/(Loss) after tax	Rs.000's	**(97,497)**	4,100	(818,746)	275,220	471,424
EPS (Earnings Per Share)	Rs.	**(0.49)**	0.02	(4.09)	1.38	2.36
ROE (Return on Equity)	%	**(2)**	0	(13)	4	7
ROCE (Return on Capital Employed)	%	**5**	3	(14)	5	9
Interest cover	Times	**2**	1	(38)	13	10
Key Financial Ratios Statement of Financial Position						
Total assets	Rs.000's	**8,656,827**	7,555,345	7,172,289	7,886,933	7,813,703
Net assets	Rs.000's	**5,942,226**	5,889,582	5,844,147	6,628,072	6,444,171
Interest-bearing loans	Rs.000's	**213,987**	236,546	217,527	186,573	165,479
Debt to equity ratio	Times	**0.19**	0.04	0.08	0.04	0.04
Equity to asset ratio	%	**69**	78	81	84	82
Net assets per share	Rs.	**29.71**	29.45	29.22	33.14	32.22
Current ratio	Times	**0.38**	0.39	0.26	1.01	0.92
Quick asset ratio	Times	**0.30**	0.34	0.22	0.96	0.87
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.	**45.20**	48.20	55.90	56.30	76.40
Market capitalisation	Rs.000's	**9,040,000**	9,640,000	11,180,000	11,260,000	15,280,000
Dividend per share	Rs.	**-**	-	-	0.50	1.00
Price earnings ratio	Times	**(93)**	2,410	(14)	41	32
Dividend cover times	Times	**-**	-	-	2.75	2.36
Dividend yield	%	**-**	-	-	0.9%	1.3%
Dividend payout ratio	%	**-**	-	-	36%	42%
Key operational ratios						
Occupancy	%	**39**	24	2	42	49
RevPAR	Rs.	**7,157**	3,425	301	6,503	10,559
Average Room Rate	Rs.	**18,429**	14,049	12,281	15,457	21,607
Economic performance						
Value generated by the Company	Rs.000's	**1,231,854**	866,536	734,821	1,388,201	1,887,310
Value distributed to:						
Employees as wages and benefits	Rs.000's	**928,633**	553,843	501,067	669,731	673,721
Payment to government	Rs.000's	**19,007**	19,659	22,338	216,339	477,354
Community investments	Rs.000's	**3,209**	389	19	518	3,131
Providers of funds	Rs.000's	**202,387**	122,173	24,210	125,555	257,864
Value retained within the business	Rs.000's	**78,618**	170,472	187,187	376,058	475,240

OPERATIONAL HIGHLIGHTS

OPERATIONAL PERFORMANCE

ROOM OCCUPANCY
49,047 ROOM NIGHTS
(2021/22: 30,790)

REVENUE FROM ROOMS
RS. 904Mn.
(2021/22:Rs. 433Mn)

REVENUE FROM FOOD AND BEVERAGE
RS. 2,268Mn.
(2021/22:Rs. 1,157Mn)

OUR TEAM

OUR TEAM
601 EMPLOYEES
(2021/22: 531)

TRAINING & DEVELOPMENT HOURS
102.08 ANNUAL TRAINING HOURS PER EMPLOYEE (2021/22: 46.76)

PAYMENTS TO EMPLOYEES
RS. 929Mn.
(2021/22:Rs. 553Mn)

HEALTH & SAFETY CERTIFICATIONS

OCCUPATIONAL HEALTH & SAFETY
ISO 45001:2018
ISO 14001:2015

SAFE & SECURE CERTIFICATION
2022: AWARDED BY THE SRI LANKA TOURISM DEVELOPMENT AUTHORITY

FOOD SAFETY MANAGEMENT
RECERTIFICATION OF ISO 22000:2018

COMMITMENT TO THE ENVIRONMENT

ENERGY CONSUMPTION
50% REDUCTION PER GUEST NIGHT Y-O-Y

2022/23: 0.075 GJ

2021/22: 0.15GJ

SOLAR POWER GENERATED
2022/23: 46,414 kWh
2021/22: 47,207 kWh

WATER CONSUMPTION
25.80 % REDUCTION PER EARTH CHECK GUEST NIGHT Y-O-Y
2022/23: 414L
2021/22: 558L

CARBON FOOTPRINT
26.90 % REDUCTION PER EARTH CHECK GUEST NIGHT Y-O-Y
2022/23: 16.30KgCO2e
2021/22: 22.3KgCO2e

WASTE RECYCLED/REUSED/ RECOVERED

2022/23: 100%
2021/22: 100%

TOTAL WASTE GENERATED PER GUEST NIGHT
5.63 % REDUCTION PER EARTH CHECK GUEST NIGHT Y-O-Y
2022/23: 0.67KG
2021/22: 0.71KG

CHAIRPERSON'S REVIEW

Dear Stakeholder,

I am pleased to present to you, on behalf of the Board, the highlights of the Annual Report and Financial Statements of Trans Asia Hotels PLC for the year ended 31st March 2023.

A challenging operating environment

Global

Despite headwinds such as the emergence of Omicron variant of COVID-19 at the beginning of the year, the start of the Russian-Ukraine conflict and a challenging global economic environment, international tourism witnessed stronger than expected recovery in 2022. According to UNWTO estimates, tourist arrivals in CY 2022 more than doubled as compared to CY 2021 though still remained 37 per cent below pre-pandemic levels. While all regions witnessed significant increases in tourism related activity in 2022 over the previous year, Asia and the Pacific region lagged behind in terms of momentum of recovery due to stronger pandemic-related restrictions in the region, with arrivals reaching only 23 per cent of pre-pandemic levels. Asia, which was the destination for 25 per cent of the world's international tourists in 2019, saw a significant slowdown, accounting for only 9 per cent of global tourist travel in 2022, mainly due to the closure of borders in China as a curtailment measure against the resurgence of COVID-19 in the Country.

Sri Lanka

Tourist arrivals to Sri Lanka continued to be subdued, impacted by macroeconomic, political and social disruptions during the year. Having witnessed encouraging growth from the end of 2021, arrivals started tapering off from April 2022, due to the scarcity of fuel and food, civil unrest and the resultant travel advisories. Further, the slowdown in global recovery on the back of inflationary pressures coupled with the high cost of fuel and impact of these on cost of air travel exerted pressure on outbound travel to destinations such as Sri Lanka. However, a slow pickup on tourist arrivals is being seen from October 2022 onwards and with some acceleration during the first three months of 2023. The highest tourist arrivals to Sri Lanka were from India, Russia and the UK.

A Resilient Performance

During the year under review, the occupancy levels were impacted by tourist arrivals since March 2022 due to the social unrest caused by economic and political instability in the country and its impact on both domestic and inbound tourism. As a result, occupancy levels during the first and second quarters of FY 2022/23 averaged around 27 per cent.

The Value Added Tax (VAT) rate was increased to the standard rate and Social Security Contribution Levy (SSCL) was introduced during the 1st and 3rd quarters of the year respectively, which had an adverse impact on the rates offered to customers. The significant increase in personal income tax rates in the 4th quarter also contributed to a reduction in discretionary customer spend, affecting the domestic business to the company. Further, record high inflation which persisted during the year exerted cost pressures and impacted margins. This together with import restrictions also impacted customer sentiment and demand for leisure offerings. Additionally, borrowings obtained to navigate the unprecedented challenges encountered by the industry since April 2019, together with the impact of high interest rates exerted pressure on funding costs.

With the gradual easing of the ground situation in the country since August 2022, together with the removal of travel advisories in main source markets and the increase in frequency of flights by major airlines, the occupancy levels gradually recovered from November onwards. As a result, room revenue increased year on year by 109 per cent.

The restaurant and banqueting operations recorded a strong performance, driven primarily by domestic demand. The number of events and banquets also noted a steady uptick across the quarters while restaurant operations also recorded encouraging growth in covers in line with pre-pandemic levels of activity. This assisted the company to record a total turnover of Rs. 3.5Bn in FY 2022/23 which was a commendable performance. The company recorded a pre-tax profit of Rs. 108 Mn which includes a fair value gain on the Investment Property of Rs. 214Mn.

Striving for Greatness

As we look towards a new phase of growth in a recalibrated post pandemic world, we have re-evaluated our priorities and developed a clear strategic direction for our operation. A summary of the progress achieved in each of our strategic priority areas are given below.

Cultivating the best people and evolving our culture

Attracting and retaining skilled talent within the industry remains a key challenge amidst rising levels of migration in the country. We therefore continued to focus on enhancing our own employee value proposition while also actively leading industry initiatives aimed at attracting more youth into the industry. During the year we carried out a comprehensive designation levelling and salary band realignment exercise to align ourselves with bench-marked international players. The exercise will not only enhance the prospects of our existing employees but also support our recruitment efforts in the longer term. Employee development remains a key focus and we continued to expand our training and development models during the year to ensure that every employee has a clear path of development within the organisation. As a leading player in the industry, we see it as our prerogative to drive efforts to create a pipeline of talent for the industry. During the year we initiated a dedicated Apprenticeship Academy for youth interested in entering the industry. We also entered into a partnership with the Vocational Training Authority (VTA). John Keells Group's, diversity, equity and inclusion (DE&I) initiative - "ONE JKH", aims to create a diverse, equal and inclusive workplace.

CHAIRPERSON'S REVIEW

In alignment with this we continue to encourage female participation in the traditionally male-dominated hospitality industry through targeted recruitment programmes, awareness campaigns, vocational training opportunities as well as by continuing to identify and promote non- traditional roles for women within the company. Our female participation stood at 13 per cent during the year which is an increase from 9 per cent recorded in 2021/22 and are working towards achieving our 2025 gender target of 24 per cent. Further, 100 days of equal parental leave at the birth or adoption of a child was introduced.

Understanding the financial constraints faced by our employees amidst rising living costs in Sri Lanka, an ex-gratia payment was made to all employees in April 2022. Continuing this support, we also implemented a temporary crisis allowance from January 2023.

Driving Guest and Customer Personalisation

Customer and guest personalisation is a powerful differentiator for hotels in the post-COVID era as travellers increasingly seek out unique, personalised travel experiences. We therefore continue to fine-tune our product offerings, distribution strategies and communication strategies to offer our guests curated experiences that set us apart from our competition. Data analytics has been a key enabler in this process; and we continued to enhance our Artificial Intelligence (AI) and data analytics capabilities during the year with the deployment of state-of the art business intelligence tools in our company. We also strengthened our direct distribution channels by setting up Global Sales Offices in key markets and establishing a Global Contact Center for guests to directly communicate with us from any part of the world. As customer engagement through digital channels continues to grow; we are increasingly leveraging digital mediums to directly connect with our customers and guests. During the year we established our own in-house content design agency which has enabled us to create customer data driven content to better communicate our value proposition to customers.

Driving Operational Excellence

We continue to leverage technology as well as our global and local expertise to create a more agile, efficient and productive business model. A key focus during the last two years has been to enhance our revenue management capabilities and to streamline our commercial operation. Ongoing investments in data analytics tools and property management systems continue to provide invaluable customer and operational insights.

Growing with Intent

During the year we expanded our network by establishing Global Sales Offices in key source markets which includes UK, Germany, France, India and China.

Delivering on our ESG commitments

Achieving a key milestone in our renewed strategic direction, "Cinnamantra" our new purpose and seven corporate values were rolled out during the year through a series of employee engagement activities that culminated in the official values launch on the 21st of March 2023. Our seven-core values Greatness, Compassion, Agility, Wellbeing, Inclusivity, Trust and Curiosity will be the foundation on which we base our future journey of growth.

Caring for our people, communities and planet is an integral part of our brand ethos. Environmental, social and governance considerations are therefore embedded into all aspects of our operation through a comprehensive sustainability policy and specific, measurable ESG goals and targets for the Company.

In honouring commitment to sustainability, out of a total of 178,554 Kg of waste collected by the company, 98.36 per cent was recycled during the year. Further, the Company continued to reduce the use of single-use plastic and is focused on achieving its 5-year sustainability goal of reducing guest-facing plastic by 50 per cent.

As part of the JKH Group's Accelerated Crisis Response Programme we continued to support communities impacted by the economic crisis through the "Pasal Deriya" school meal programme where a school kitchen was established. Further, we continued to provide a free meal to those working tirelessly for the betterment of our society from health care workers to policemen through the 'Meals that Heal' which was initiated in the previous year. In addition, the company engaged in tree planting at Sinharaja Rainforest as part of the "Cinnamon Rainforest Restoration Project".

Recognition

Trans Asia Hotels PLC was ranked among the top 25 companies in Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL).

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

Global

The United Nations World Tourism Organisation (UNWTO) projects the outlook for tourism based on two scenarios. UNWTO forecasts international tourist arrivals for CY 2023 to range between 80 per cent to 95 per cent of pre-pandemic levels. Similarly, the World Travel and Tourism Council (WTTC) estimates the sector to recover more than 95 per cent of CY 2019 arrivals.

The notable increase in airfares in comparison to rates pre-pandemic, exerts additional pressure on the travel and hospitality industry. However, the strong 'pent-up' demand for travel and tourism that is continuing, sustained recovery of air connectivity, recent uplifting of border restriction in China, coupled with improved sentiment is envisaged to off-set these impacts.

Sri Lanka

The Government and the Central Bank of Sri Lanka (CBSL) have implemented a multitude of much required reforms to stabilise the macroeconomy and the overall operating landscape, which has proved fruitful, thus far, in stabilising the economy through effectively managing demand pressures, curbing the rapid rise in inflation and easing the pressure on the external sector. Such policy measures coupled with the IMF Extended Fund Facility (EFF) arrangement, which is aimed at restoring macroeconomic stability, debt sustainability, safeguarding financial system stability and strengthening governance, is envisaged to provide a strong foundation for the economy's sustained recovery. Against this backdrop, the CBSL projects the economy to contain its contraction to 2.0 per cent in CY 2023, as opposed to the 7.8 per cent contraction in CY 2022 and rebounding thereafter to a growth of 3.3 per cent. Sri Lanka received approval from the Executive Board of the IMF for the EFF arrangement in March 2023 with the aim of restoring macroeconomic stability and debt sustainability.

Tourism Development Authority aims to attract 2Mn visitors in 2023. Although arrivals are still significantly below pre-pandemic levels, it is encouraging to witness the month-on-month pick-up in inquiries and forward bookings. The recovery trend in arrivals is expected to continue with growth across all major source markets. The opening of the Chinese borders for international travel in January 2023 after a period of three years and the increase in frequencies of flights by a few major airlines is envisaged to augur well for the destination.

Sri Lanka continues to remain attractive as a tourist destination given our diverse landscape and unique offerings, with the added competitive advantage from a pricing perspective due to the significant depreciation of the Rupee in March 2022.

Whilst we remain confident that the prospects for tourism in the medium to long-term remain extremely positive, Sri Lanka's potential in the tourism sector remains largely untapped, considering that the country received only 2.3 Mn tourists prior to the Easter Sunday attacks in 2019, while regional tourism has experienced significant growth over the past decade.

Concentrated marketing campaigns, improving connectivity into the country at competitive rates, 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.

The Bandaranaike International Airport (BIA) expansion project Phase A, which entails the construction of a new passenger terminal building, has unfortunately been suspended with the final date of opening uncertain at this time. It is hoped that the authorities will re-commence the project and fast track this important aspect of infrastructure to support the tourism industry.

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 Port of Colombo . Such notable developments will augur well for Colombo, 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 Colombo Hotels segment 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 company will also leverage on its unparalleled F&B offering, by continuing to strengthen its dedicated offerings and flagship restaurants.

Given the socio-economic environment of the country it is expected that the current trend of labour migration will continue resulting in a significant reduction in skilled employees in our company. As discussed above, the company has already put in place several initiatives to attract, retain and develop talent within the company.

Acknowledgements

I take this opportunity to thank my colleagues on the Board for their invaluable guidance and support. I would also like to convey my appreciation to our management team and staff for their untiring effort, commitment and drive and holding steadfast in very challenging circumstances. The Board and I, wish to express our appreciation to Ms. J C Ponniah who retired from the Board in June 2022, for her invaluable contribution and wish her the very best in all her future endeavours. We also welcome Ms. S A Atukorale who joined the Board during the year under review.

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

Krishan Balendra

K N J Balendra
Chairperson

23rd May 2023

BOARD OF DIRECTORS

K N J BALENDRA

Chairperson

Krishan Balendra is the Chairperson-CEO of John Keells Holdings PLC (JKH). He is also the Chairman of the Employers Federation of Ceylon, Deputy Vice Chairperson 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 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.

J G A COORAY

Director

Gihan Cooray is the Deputy Chairperson/ Group Finance Director and has overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology and Corporate Communications functions. He was the Chairman of Nations Trust Bank PLC till 30th April 2023. 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.

S 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 Management (Pvt) Ltd, Sri Lanka. He is a Fellow member of the Chartered Institute of Management Accountants, UK.

He is a member of the Group Executive Committee of the John Keells Group. He is the President of the Leisure Group and also responsible for Union Assurance PLC, John Keells Information Technology (Pvt) Limited and John Keells Stockbrokers (Pvt) Limited. He serves as a Director of Asian Hotels & Properties PLC, Union Assurance PLC, John Keells Hotels PLC and also in many of the unlisted companies of the John Keells Group.

He is a member of the Tourism Advisory Committee appointed by Ministry of Tourism.

M R SVENSSON

Director

Mikael Svensson is the Chief Executive Officer of Cinnamon Hotels & Resorts, part of the Leisure group. 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.

C L P GUNAWARDANE

Director

Changa Gunawardena is presently the Chief Financial Officer (CFO) of the Leisure industry group and serves as a Non-Executive Director on the Board of Asian Hotels & Properties PLC and many of the unlisted companies of the John Keells Group. He has been with John Keells Holdings PLC (JKH) for over 17 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. He has over 28 years of experience as a finance professional in varying industries including Pharmaceutical, Manufacturing, Management Services, Electrical Engineering and Construction. He 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.

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.

H A J DE S WIJEYERATNE

*Director**

Harin Wijeyeratne was appointed as a Non-Executive Director and as the Chairperson of the Board Audit Committee of Trans Asia Hotels PLC in June 2021. Mr. Wijeyeratne counts over 30 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. Wijeyeratne 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.

S A ATUKORALE (MS.)

*Director**

Ms.Shivanthi Atukorale was appointed as a Non-Executive Director of Trans Asia Hotels PLC in June 2022.

Shivanthi Atukorale possesses over 25 years' experience in the financial services industry, in both Banking and Non-Banking Financial Institutions, covering Large Local Corporates, Multi-national Companies and SME sectors. She is currently attached to the State-Owned Enterprises Restructuring Unit of the Ministry of Finance, Economic Stabilisation and National Policies, and is also an Independent Director of Melsta Tower (Pvt) Ltd. Previously, Ms. Atukorale was an Independent Director at Fintrex Finance Limited and was the General Manager, Operations and Investor Relations, at MelstaCorp Limited. Prior to that, She had a successful 16-year stint at Citibank N.A. Colombo where she held titles of Head, Private Banking and Corporate Liabilities Group and Head, Global Relationship Banking and was a member of the Country Coordinating Committee and the Branch Credit Committee.

She possesses a first class in BSc. Statistics, Computing, Operational research and Economics from University College London, UK and an MBA from Imperial College London UK.

** Independent Non-Executive Director*

CORPORATE GOVERNANCE

Trans Asia Hotels PLC ("Company") creates value through its effective corporate governance practices that support extensive policy frameworks and judicious governance structures toward a culture of integrity and transparency within the organisation. The Company follows and conforms to most of the structures and policies of the John Keells Group ("Group") to make sure an agreed level of compliance is maintained across the organisation. The Company's robust corporate governance practices enhance the value of its working environment, establishing a favourable culture that will support sustainable growth.

Corporate Governance Highlights in 2022/23

Highlights of the 41st Annual General Meeting held on 21st June 2022

- Mr. S. Rajendra, who retired in terms of Article 83 of the Articles of Association was re-elected as a Director of the Company;
- Mr. C. L. P. Gunawardane, who retired in terms of Article 83 of the Articles of Association was re-elected as a Director of the Company;
- Mr. H. A. J. de Silva Wijeyeratne who retired in terms of Article 90 of the Articles of Association was re-elected as a Director of the Company;
- Mr. N. L. Gooneratne who is over the age of 70 years and who retired in terms of Section 210 of the Companies Act No. 7 of 2007 was re-elected as a Director of the Company;
- Messrs. KPMG, Chartered Accountants were re-appointed as the External Auditors of the Company and the Directors were authorised to determine their remuneration.

Key developments and focus areas of the Board of Directors in 2022/23

- 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
- Stringent expense control measures through weekly dashboards, which cover financial and non-financial KPIs and revised targets
- Trans Asia Hotels PLC was ranked 22nd in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL), with a 77 per cent score for transparency in disclosure practices. This ranking is based on an assessment of corporate disclosure practices among the top 100 companies listed on the Colombo Stock Exchange, under four different thematic areas crucial to fighting and preventing corruption:
  - reporting on anti-corruption programmes,
  - transparency in company holdings,
  - disclosure of key financial information in domestic operations and;
  - disclosure on gender and non-discrimination policies.
- Trans Asia Hotels PLC was also considered fully transparent domestic financial reporting and reporting on Gender and Non Discrimination assessment by TISL.

Approach to Corporate Governance

The Company's governance framework is driven by several internal and external factors. They are;

Governance Framework

MANDATORY REQUIREMENTS

- Companies Act No.7 of 2007 including regulations
- Securities and Exchange Commission of Sri Lanka (SEC) Act. No 19 of 2021, including rules, regulations, directives and circulars.
- Listing Rules of the Colombo Stock Exchange (CSE) including circulars
- Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission by Sri Lanka (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 issued by CA Sri Lanka (2017)*
- Code of Best Practice on Corporate Governance (2013) jointly issued by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

INTERNAL STANDARDS

- Articles of Association
- Board and Board Sub-Committee charters
- Group's governance structures and internal policies**
- Group's Code of Conduct

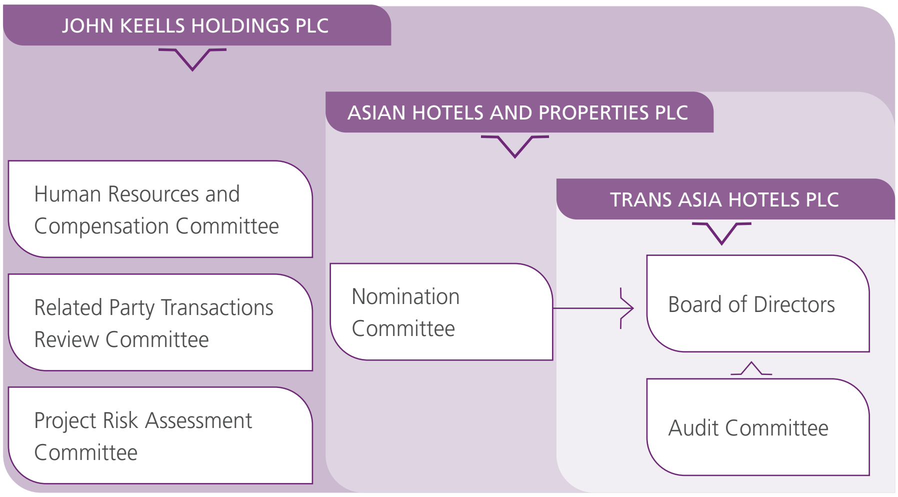
*The Company is compliant with almost all the requirements of the 2017 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Company.

**Internal policies that are adopted by the Company are described under Policy Framework on page 15 of this Report.

CORPORATE GOVERNANCE

Governance Structure

The Board of Directors acts as the main governing authority in charge of all corporate governance related matters of the Company. Several sub-committees share responsibilities in support of the functions of the Board. Apart from the Audit Committee of the Company, the Board Committees of the ultimate parent company, John Keells Holdings PLC (JKH), namely the Related Party Transactions Review Committee, the Human Resources and Compensation Committee and the Project Risk Assessment Committee and the Nominations Committee of the parent company, Asian Hotels and Properties PLC, functions as the Board Committees of the Company, as permitted by the Listing Rules of the CSE. Notwithstanding the functioning of the Board Committees, the Board of Directors is collectively responsible for the decisions taken by these sub-Committees. Accordingly, the sub Committees of JKH and Asian Hotels and Properties PLC provide key inputs in relation to their areas of responsibility. The Audit Committee appointed by the Board of the Company also supports the Board's processes.



- The above illustration shows only the sub-committees of the parent and ultimate parent, which are relevant to Trans Asia Hotels PLC.

BOARD OF DIRECTORS

The Board has overall responsibility for formulating strategy, setting risk appetite, consistency of workforce policies with Company values, monitoring achievement of goals and objectives while balancing stakeholder interests. Integrated thinking at Board level ensures the embracing of Environmental, Social and Governance (ESG) perspectives into policy and strategy across the Company.

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 & 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 JKH attend the meetings of the Audit Committee by invitation. The Director Finance of the Company is the secretary of the Audit Committee.	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	1. Confirm and ensure: • Independence of External Auditor • Objectivity of Internal Auditor 2. Review with independent auditors the adequacy of internal controls and quality of financial reporting 3. Regular review meetings with management, Internal Auditor and External Auditors in seeking assurance on various matters. 4. 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.

Board Committee & Composition	Mandate	Scope
The current members are: Mr. H A J de S Wijeyeratne (I/NED) – Chairperson Mr. S Rajendra (NI/NED) Ms. S Atukorale (I/NED)		5. Evaluate the competence and effectiveness of the risk management systems of the Company and ensure robustness and effectiveness in monitoring and controlling risks. 6. Review the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations. Refer page 73 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 Chairperson-CEO JKH and the Deputy Chairperson/Group Finance Director of JKH are invited to all Committee meetings, unless their own remuneration is under discussion respectively. The Deputy Chairperson/Group Finance Director is the Secretary of the Committee. The current members are: Mr. D A Cabraal (I/NED) - Chairperson Mr. A N Fonseka (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 Chairperson - CEO of JKH and Executive Directors of the Group.	Determine and agree with the Board, a framework for remuneration of the Chairperson 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 44 for the Report of the Human Resources and Compensation Committee including the statement of remuneration policy.
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) - Chairperson Mr. A S De Zoysa (I/NED) Mr. K N J Balendra (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 and the Group • The appointment of the Chairperson and Executive Directors, as relevant, is a collective decision of the Board. Refer page 45 for the report of the Nominations Committee.

CORPORATE GOVERNANCE

Board Committee & Composition	Mandate	Scope
Related Party Transactions Review Committee (John Keells Holdings PLC)		
Members of the committee should be a combination of Non-Executive Directors and Independent Non-Executive Directors. The Chairperson is an Independent Non-Executive Director. The composition may include Executive Directors at the option of the Listed Entity. The current members are: Ms. M P Perera (I/NED) - Chairperson Mr. A N Fonseka (I/NED) Mr. D A Cabraal (I/NED)	To ensure on behalf of the Board, that all Related Party Transactions of John Keells Holdings PLC 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 Transactions Policy which is consistent with the Operating Model and the Delegated Decision Rights of the Group. Update the Board of Directors on the related party transactions of each of the companies of the Group on a quarterly basis. 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. 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 requisitions of the CSE. Refer page 46 for the report of the Related Party Transactions Review Committee.
Project Risk Assessment Committee (John Keells Holdings PLC)		
To comprise of a minimum of four Directors. Must include the Chairperson – CEO of JKH and the Deputy Chairperson/ Group Finance Director JKH and two Non - Executive Directors. Must include 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) - Chairperson Ms. M P Perera (I/NED) Mr. K N J Balendra (NED) Mr. J G A Cooray (NED)	For augmenting the Group's Investment Evaluation Framework. Provides the Board with increased visibility of large-scale new investments and assists in assessing risks associated with significant investments, above a Board agreed investment threshold, at the initial stages of discussion, to obtain feedback and relevant inputs in relation to mitigating risks, and, prior to committing to structuring agreements. Note that the Committee shall convene only when there is a need to transact in business as per the terms of its mandate.	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. Ensure stakeholder interests are aligned, as applicable, in making investment decisions. Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director. 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. Refer page 47 for the report of the Project Risk Assessment Committee

NED-Non independent Non-Executive Director
INED-Independent Non-Executive Director

Policy Framework

The Company's policy framework is 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	Policy on grievance handling
Recruitment and selection policy	Policies on anti-fraud, anti-corruption and anti- money laundering and countering the financing of terrorism
Learning and development policy	Policy on communications and ethical advertising
Policies on equal opportunities, non- discrimination, career management and promotions	Ombudsperson policy
Rewards and recognition policy	Group accounting procedures and policies
Leave, flexi-hours, tele-working and agile working policies including health and safety enhancements and protocols	Policies on enterprise risk management
Code of conduct which also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information	Policies on fund management and foreign exchange risk mitigation
Policies on diversity, equity and inclusion including gender	IT policies and procedures, including data protection, classification and security
Policy against sexual harassment	Group sustainability, environmental and economic policies
Policies on forced, compulsory and child labour and child protection	Whistle blower policy
Disciplinary procedure	Policies on energy, emissions, water and waste management
Policies on products and services	Policy on bidding for contracts, including on government contracts
Above policies of the John Keells Group are followed by all employees of the Company.	

An Effective Board

The Board ensures that the Company is in the right direction; stakeholder relationships are built and enhanced; risk appetite is determined; performance against objectives is reviewed; and key management personnel is appointed. Further, the executive authority of the Board has been delegated to the President of the Leisure Industry Group. Eight eminent professionals in different fields create the Board and add expertise, valuable skills, and years of experience, supporting 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 expenditures.
- Approving any amendments to constitutional documents.
- Ensuring all related party transactions are compliant with statutory obligations.

Board Composition

The Board comprised of 8 Non-Executive Directors as at 31st March 2023. Of them, 3 are Independent Non-Executive Directors. The varied expertise of the Board includes skills, experience, age, and tenure that contribute diversified perspectives to boardroom deliberations and exercising independent judgement to bear on matters set before them. Regular inspections and reviews about the Board composition ensured diversity and

CORPORATE GOVERNANCE

the pool of skills is in alignment with the current and future strategic targets of the Company.

Board member profiles are on page 8. All Directors are responsible for determining and disclosing to the Board any potential or actual conflict of interest situations resulting from their external associations, interests or personal relationships in material matters considered by the Board .

Non-Executive Independent Directors are in the forefront of enhancing the value of strategic discussions and decision-making, in addition to fair mindedness. The Company's policy encourages good corporation between Non-Executive Directors and Independent Non-Executive Directors, in support of the applicable rules and codes. Non-Executive Directors' thorough knowledge of the businesses and the Non-Executive Independent Directors' experience, objectivity and independent oversight were paramount to the Company's success.

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 page 8.

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.

Board Refreshment

The retirement age of the Company limits the tenure of Non-Executive Non-Independent Directors. Also, the Non-Executive Independent Directors can be appointed to office for three consecutive terms of three years or a further period if deemed necessary due to the needs of the Company subject to the statutory limitations as to age and shareholder approval at the time of reappointment following the end of a term.

One third of the Directors except for the Chairperson, retire by rotation on the basis prescribed in the Articles of Association of the Company.

The proposal for the re-appointment of Directors is presented in the Annual Report of the Board of Directors on page 69 of this report.

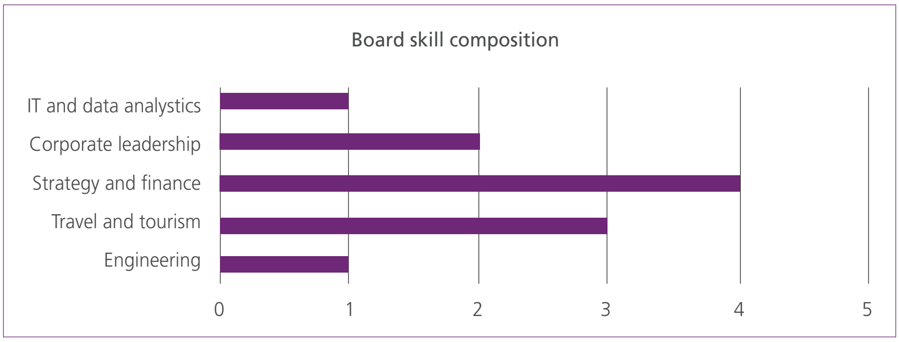
The Board was refreshed during the year with the retirement of Ms. J C Ponniah w.e.f 21st June 2022 Independent Directors and the appointment of a new Independent Director. Ms. S A Atukorale w.e.f 22nd June 2022 was appointed to the Board during the year, enriching the Board's skill profile by bringing in a unique set of skills and capabilities in Information Technology and Data Analytics.

Board Composition (as at 31st March 2023)

Non-Executive Non-Independent Directors	5/8
Non-Executive Independent Directors	3/8

Gender Representation

Male	7/8
Female	1/8



Maintaining Board Independence and Managing Conflicts of Interest

Board independence is highlighted by perfect nominating procedures, methodical and comprehensive board evaluation processes and independent director led engagement.

Directors make a general disclosure of interests, as illustrated below, at appointment, at the beginning of every financial year and during the year as required. Potential conflicts are reviewed by the Board from time to time to ensure integrity and Board independence. Details of companies in which Board members hold Board or Board Committee membership are available with the Company Secretary for inspection by shareholders, on request.

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-Chairperson	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
Ms. S A Atukorale	No	No	No	No	No	2022 June
Mr. H A J de S Wijeyeratne	No	No	No	No	No	2021 June

Prior to Appointment
Nominees are requested to make known their various interests
Once Appointed
Directors obtain Board clearance prior to;
Accepting a new position
Engaging in any transaction that could create or potentially create a conflict of interest
All NEDs are required to notify the Chairperson-CEO of any changes to their current Board Representatives or interests and a new declaration is made annually.
During Board Meetings
Directors who have an interest in a matter under discussion;
Excuse themselves from deliberations on the subject matter
Abstain from voting on the subject matter (absention from decisions are duly minuted)

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

Criteria for Defining Independence	Status of Conformity of INEDs
None of the INEDs 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 INEDs have Shareholding carrying not less than 10 per cent of voting rights	complied
None of the INEDs is a Director of another company**	complied
None of the INEDs have Income/non-cash benefits equivalent to 20 per cent of the Director's annual income	complied
None of the INEDs 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 INEDs have Close family member is a Director, CEO or a Key Management Personnel	complied
None of the INEDs 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

CORPORATE GOVERNANCE

*The Listing Rules allows the Board of Directors to determine that Directors be considered as "independent" even if the "independence" criteria mentioned in the rules had not been fulfilled.

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. Director, 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;

**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.

Meetings, Agenda and Attendance

Directors' attendance at the Board meetings held on a quarterly basis during the year under review is given below.

At the meetings, the Chairperson of the Board allocated time for Directors to analyse and discuss related matters. The Board also verified and approved the written minutes that were made available at the meetings. All Directors consult Keells Consultants (Private) Limited, which offers Company Secretarial services, for any relevant matters. The Chairperson approved the agenda for each meeting forwarded by the Board Secretary with the assurance that Board meetings be proceeded in a proper flow. The typical Board agenda for the financial year 2022/23 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 meetings are held in every quarter and Directors' attendance during the last financial year 2022/23 is given below:

Name of Director	Status	Meeting Date				Eligibility	Attended
		25.04.2022	18.07.2022	24.10.2022	26.01.2023		
Mr. K N J Balendra - Chairperson	NI/NED	√	√	-	√	4	3
Mr. J G A Cooray	NI/NED	√	√	√	√	4	4
Mr. N L Gooneratne	I/NED	√	√	√	√	4	4
Mr. M R Svensson	NI/NED	√	√	√	√	4	4
Mr. S Rajendra	NI/NED	-	√	√	√	4	3
Mr. C L P Gunawardane	NI/NED	√	√	√	√	4	4
Mr. H A J de S Wijeyeratne	I/NED	√	√	√	√	4	4
Ms. S A Atukorale (Appointed w.e.f 22nd June 2022)	I/NED	N/A	√	√	√	3	3
Ms. J C Ponniah (Resigned w.e.f 21st June 2022)	I/NED	√	N/A	N/A	N/A	1	1

The Audit Committee met on four occasions during the financial year 2022/23 and the attendance was as follows:

Name of Director	Date 20.04.2022	Date 15.07.2022	Date 19.10.2022	Date 24.01.2023	Meetings Attended
Mr. H A J de S Wijeyeratne – Chairperson	√	√	√	√	4/4
Ms. S A Atukorale (Appointed w.e.f 22nd June 2022)	N/A	√	√	√	3/3
Mr. S Rajendra	√	√	√	√	4/4
Ms. J C Ponniah (Resigned w.e.f 21st June 2022)	√	N/A	N/A	N/A	1/1
By Invitation					
Mr. C L P Gunawardane	√	√	√	√	4/4
Mr. M R Svensson	√	√	Excused	√	3/4

The Nominations Committee met on one occasion during the financial year 2022/23 and the attendance was as follows:

Name of Director	Date 09.06.2022	Meetings Attended
Mr. J Durairatnam - Chairperson	√	1/1
Mr. K N J Balendra	√	1/1
Mr. A S De Zoysa	√	1/1

The Human Resources and Compensation Committee met on two occasions during the financial year 2022/23 and the attendance was as follows:

Name	Date 01.07.2022	Date 12.12.2022	Meetings Attended
Mr. D A Cabraal - Chairperson	√	√	2/2
Mr. M A Omar**	N/A	N/A	N/A
Mr. A N Fonseka*	√	√	2/2
Dr. S S H Wijayasuriya	√	√	2/2
By Invitation			
Mr. K N J Balendra	√	√	2/2
Mr. J G A Cooray	√	√	2/2
Ms. M. P Perera	N/A	√	1/1

*Appointed w.e.f. 27.06.2022
**Resigned w.e.f. 27.06.2022
*** Directors of John Keells Holdings PLC who were not sub-committee members of the Human Resources and Compensation Committee were requested to attend via invitation

The Related Party Transactions Review Committee met on four occasions during the financial year 2022/23 and the attendance was as follows:

Name	Date 19.05.2022	Date 25.07. 2022	Date 03.11.2022	Date 30.01.2023	Meetings Attended
Ms. M P Perera - Chairperson	√	√	√	√	4/4
Mr. A N Fonseka	√	√	√	√	4/4
Mr. D A Cabraal	√	√	√	√	4/4
By Invitation					
Mr. K N J Balendra	√	√	√	√	4/4
Mr. J G A Cooray	√	√	√	√	4/4

CORPORATE GOVERNANCE

The Project Risk Assessment Committee did not meet during the financial year 2022/23.

Role of Chairperson

The Chairperson is a Non-Executive, Non-Independent Director who holds the main responsibility of leading and managing the Board and its Committees for their smooth functioning. The Company is represented by him externally and is the main point of contact for shareholders on all aspects of Corporate Governance.

The Chairperson of John Keells Holdings PLC also guides Trans Asia Hotels PLC as its Chairperson. He holds the responsibility of leading the Board, making an engagement with Non-Executive Directors, and facilitating Independent Non-Executive Directors-only meetings continuously. He establishes the governance and ethical framework of the Company, assists and prompts the expression of different opinions with a follow-up on local and global industry developments, and makes sure that the Board honours 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; and
- 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.

CEO - Cinnamon Hotels & Resorts

CEO executes strategies and policies of the Board, in consultation with the President - Leisure, JKH and ensures:

- The efficient management of all businesses of the Company
- That the operating model of the Company is aligned with the short and long-term strategies of the Cinnamon Hotels & Resorts.
- Succession planning in respect of the senior management levels of the Company.

Regular reporting on key matters by the President – Leisure, JKH and CEO -Cinnamon Hotels & Resorts to the Board, enables effective oversight by the Board.

Board Induction and Training

A formal induction process is followed for newly appointed directors to gain 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.

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; and
- Access to 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 2022/23. 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 an 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 Chairperson of the Audit Committee based on feedback from committee members and regular invitees to the Committee, which includes the 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.

Access to information and resources

Directors receive their Board packs seven days prior to the meetings. Directors have unrestricted access to the management and organisation information, as well as the resources required to clarify matters and carry out their duties and responsibilities effectively. Executive Management makes presentations on matters including business performance against operating plans, strategy, investment proposals, risk management, compliance and regulatory changes. Access to independent professional advice, coordinated through the Company Secretaries, is available to Directors at the Company's expense.

Board Secretary

Secretarial services to the Board are provided by Keells Consultants (Private) Limited. The Secretaries and Management apprise the Board of new and potential laws, revisions, regulations and requirements which are relevant to them as individual Directors and collectively to the Board. The Secretaries maintain minutes of Board meetings, which are open for inspection by any Director at any time.

All Directors have access to the advice and services of the Secretaries, as necessary. The shareholders can also contact the Company secretaries, during office hours, for any Company related information requirements. Appointment and removal of the Company Secretaries is a matter for the Board.

Time dedicated by Non-Executive Directors

The Board has dedicated adequate time for the fulfilment and discharge of their duties as Directors of the Company. It must be recognised that Directors have to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification, and after a meeting to follow up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarisation with business changes, operations, risks and controls.

In addition to attending Board meetings, the Directors attend the relevant Sub-Committee meetings and have also contributed to decision making via Circular Resolutions and one-on-one meetings with key management personnel, when necessary.

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 organisational performance matrix, which covers revenue and after-tax profit.

Compensation of NEDs 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 Non Executive Directors 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

The main governance systems and procedures of the JKH Group, adopted by the Company are listed below. 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.

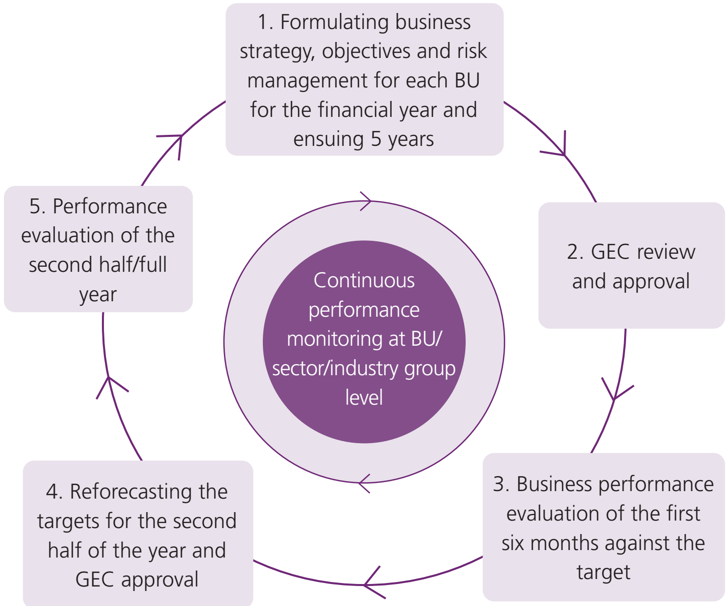
The strategies of the various business units, operating in diverse industries and markets, will always revolve around the JKH group strategy, while considering their domain specific factors. The prime focus always is to enhance value for all stakeholders. The Group's investment appraisal methodology and decision-making process adopted by the company ensure the involvement of all key stakeholders that are relevant to the evaluation of the decision. In this manner:

- Several views, opinions and advice are obtained prior to making an investment decision including carrying out sensitivity analysis
- A holistic view is taken on the commercial viability and potential of any project, including operational, financial, funding, legal, risk, sustainability, and tax implications.

CORPORATE GOVERNANCE

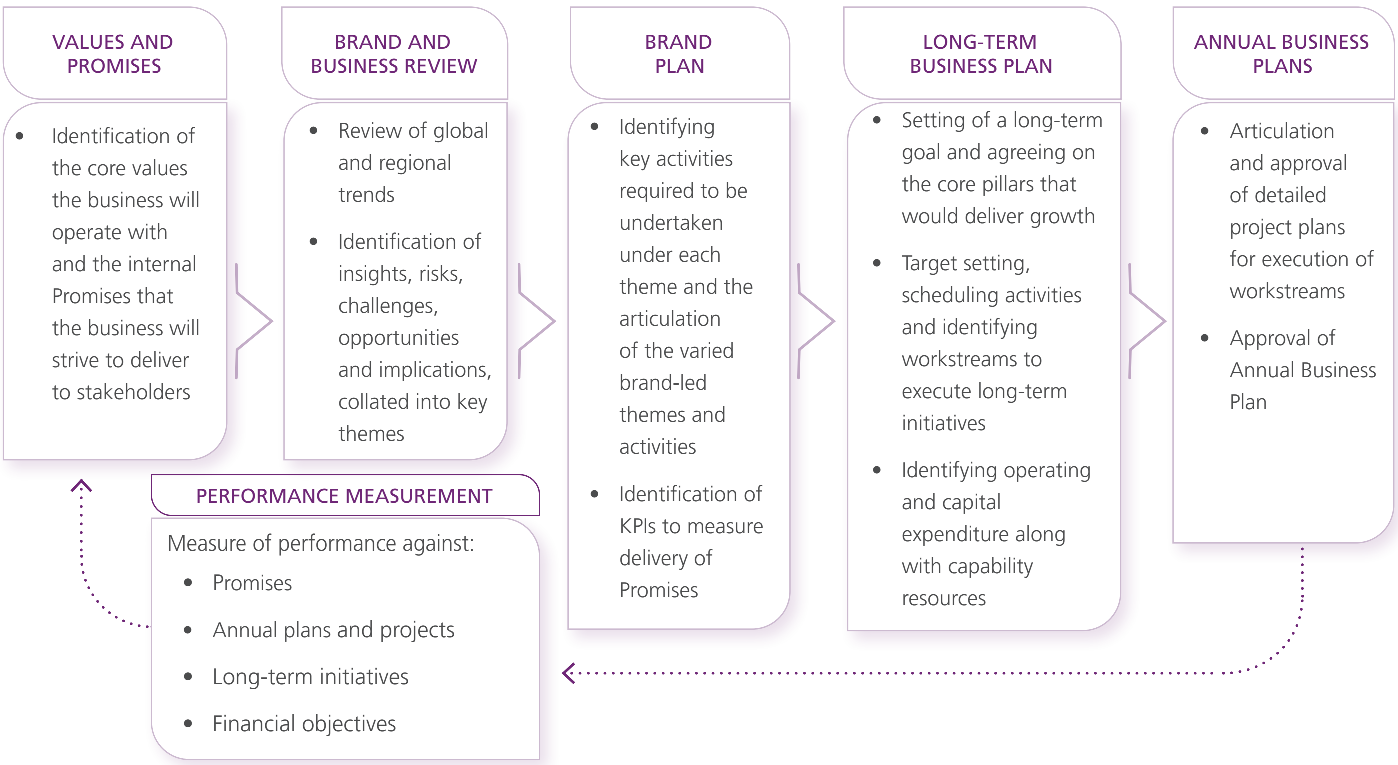
- All investment decisions are consensual in nature, made through the afore-discussed management committee structure where no single individual has unfettered decision making powers over investment decisions.
- The ultimate responsibility accountability of the investment decision rests with the Chairperson.

The following section further elaborates on the Group's strategy formulation and planning process;



Medium-term Strategy

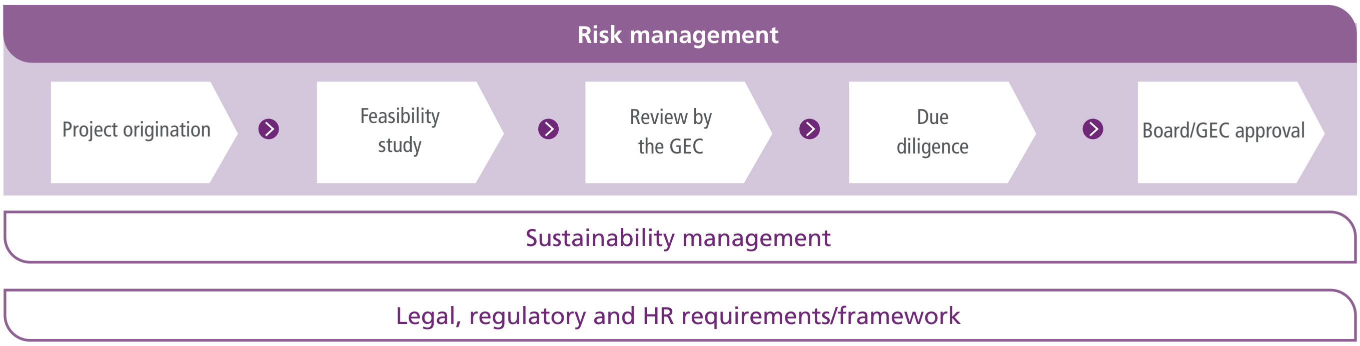
The ensuing section illustrates the comprehensive process followed by each business in developing the business's strategy for the medium term.



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:

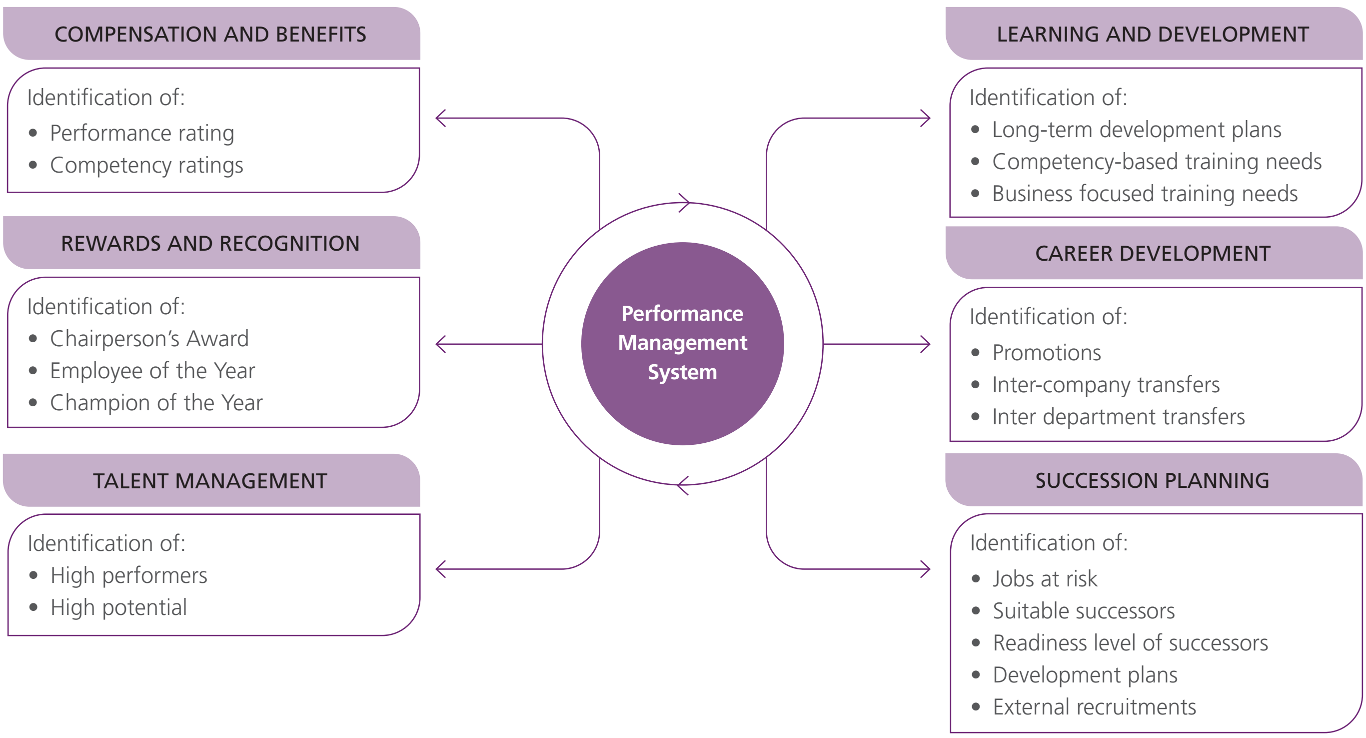


b. Human Resource Governance

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 supporting human resource management processes such as learning and development, career development, succession planning, talent management, rewards/recognition and compensation/ benefits.



CORPORATE GOVERNANCE

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 incentives.
- 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

- 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.

External Equity

- 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.

During the year a comprehensive designation levelling and salary band realignment exercise was conducted to align ourselves with bench-marked international players. This is in line with our policy of ensuring internal and external equity.

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. Integrated Risk Management

JKH's Group-wide risk management programme adopted by the company focuses on wider sustainability development, to identify, evaluate and manage significant Group risks and to stress test various risk scenarios, including a review of materiality. The programme ensures that a multitude of risks, arising as a result of the Group's diverse operations, are effectively managed in creating and preserving stakeholder wealth. The Group manages its enterprise risk, audit and incident management processes through an automated risk management platform that enables the maintenance of live, dynamic and virtual risk registers which are linked to business goals and responsible personnel. Features such as the provision of timely alerts on action plans and escalation processes for risks, where action plans are overdue, ensure maintenance of live risk grids

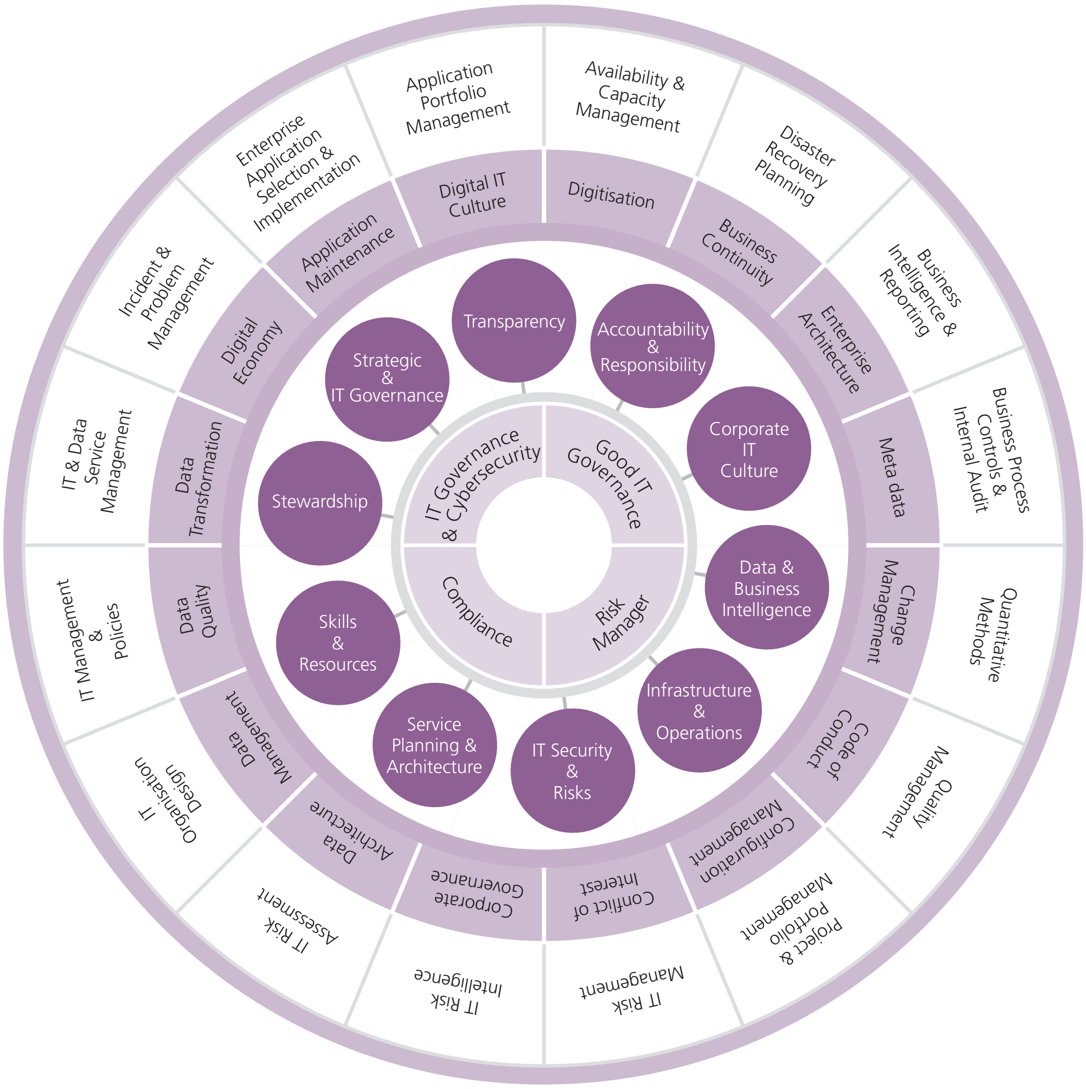
- Continuous steps taken towards promoting the Group's integrated risk management process are:
- Integrating and aligning activities and processes related to planning, policies/ procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.
- Supporting executives/managers in moving the organisation forward in a cohesive integrated and aligned manner to improve performance, while operating effectively, efficiently, ethically and legally within the established limits for risk taking. The risk management programmes have allowed greater visibility and understanding of risk appetites. Enabled by the automated risk management platform, key management personnel have virtual visibility of the risks, as relevant, while the Board has visibility of all Group risks.

The Board, GEC and Group Management Committees, oversee risk management across the Group to ensure that risks are brought within tolerance, managed and/or mitigated. Please refer the Risk Management Report on page 48 and Notes to the Financial Statements of the Annual Report.

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 Group's IT governance framework adopted by the company focuses on five broader segments, namely strategic alignment, value delivery, performance management, risk management, and resource management. Additionally, 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), CMMI (Capability Maturity Model Integration), NIST (National Institute of Standards and Technology), FAIR (Factor Analysis of Information Risk), among others, in formulating a state-of-the-art framework for IT governance, risk and compliance management across the Group.

The key focus areas of the governance framework are as follows:



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The Group continually focuses on enhancing the IT governance framework in line with its business and IT strategies with a focused shift towards a zero-trust model built on a mobile-first, internet-first, cloud-first and AI-first strategy.

Digital Oversight and Cyber Security

The rapidly advancing nature of technology and the continual integration of the Group's operations with technological progress has resulted in increased vulnerability for the Group from a digital standpoint. As a result, the Board places significant emphasis on ensuring that the Group'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.

Data Protection, Information Management and Adoption

The presence of continuously evolving IT infrastructure and platforms to meet the requirements of day-to-day business, augured well for the Group, particularly given restrictions in movement and social distancing measures in light of the COVID-19 pandemic. The Group witnessed an acceleration of digitisation and better user adoption. Despite this, adoption of such systems and features remain at a relatively early stage across the Group and is a key focus area for the Group. 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 Group will continue to strengthen its data governance structure to ensure ownership and accountability of clearly articulated data governance policies and processes and Group-wide 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 company's duty in fulfilling its tax obligations as per fiscal legislation, while preserving value for other stakeholders, particularly investors.

Governance Structure

- Voluntary compliance and efficient tax management are key aspect of the Group's overall tax strategy.
- This is enabled through a decentralised tax structure where expertise is built at each industry group level.
- The Head of Tax of each industry group, reporting functionally to the Group Head of Tax, ensures compliance and implements Group tax strategy across all businesses.

Policy and Strategy

Ensure:

- Integrity of all reported tax disclosures.
- Robust controls and processes to manage tax risk.
- Openness, honesty and transparency in all dealings.
- Presence of legitimate business transactions underpinning any tax planning or structuring decision/ opportunity.

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 the 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 company.
2. Periodic updates to the Board of Directors on various tax matters (quarterly at minimum).

The JKH approach to tax governance adopted by the company is directly linked to the sustainability of business operations. The presence of a well-structured tax governance framework ensures the following:

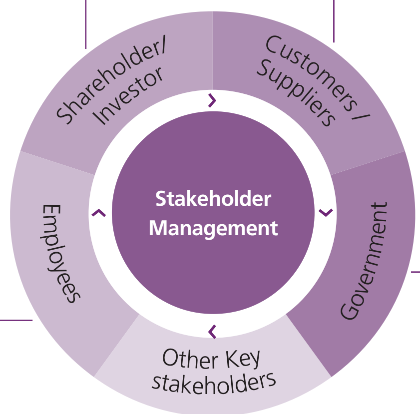
- Ability to manage tax efficiently by reducing the tax burden on the Company, within the ambit of applicable laws.
- Manage tax risks and implications on company reputation through adequate policies, proactive communication and defence.
- Facilitate healthy relationships amongst stakeholders, Government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

f. Stakeholder management and effective communications

The JKH Group's key stakeholder management methodologies adopted by the Company is shown below.

- Presence of an investor relations team
- Social media presence
- Prompt release of information to public/ CSE
- Effective communication of AGM related matters
- Measures in place in case of serious loss of capital

- Accessibility to all levels of the management
- Various means for employee involvement
  - Corporate Communications
  - JK Forum
  - Young Forum
  - John Keells Employee Self Service (JESS)
  - HIVE
  - Staff Volunteerism



- Providing of quality and safe products
- Constant engagement with customers
- Procedures to ensure long-term business relationships with suppliers

- Transactions in compliance with all relevant laws and regulations, transparently and ethically
- Zero tolerance policy in ensuring that all business units meet their statutory obligations in time and in full

- Provision of formal and sometimes informal, access to other key stakeholders

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 31st March 2023 and at the end of each quarter of the financial year 2022/23.

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 Chairperson ensures the Chairperson 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

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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's business strategy and endorsed throughout its operations.

Activities undertaken in recognition of its responsibility as a corporate citizen are presented throughout the Annual Report.

The integration of sustainability goals into our operation is supported by a robust governance framework that ensures accountability, participation and transparency. During the year we further strengthened our ESG governance framework with the establishment of a Center Sustainability Team comprising of a vice president to drive the Group's sustainability agenda. In addition, ESG Compliance Executives were recruited at each of our hotels to drive sustainability initiatives at business unit level. Industry leading ESG measurement and management platforms meanwhile ensure that progress is continuously measured and monitored.

Human Rights

The Company is committed to upholding universal human rights of all its stakeholders whilst maintaining the highest ethical standards in all its operations.

John Keells Group's Anti-Corruption Policy

JKH Group Policy on Anti-Corruption is followed by all employees of the Company.

JKH places the highest value on ethical practices and has promulgated a zero-tolerance policy towards corruption and bribery in all its transactions. JKH 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 evaluation of the risk of corruption as part of its risk management process has been put in place and mitigation measures to reduce such risks has been addressed in the risk management report on page 48 of the Annual Report.

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. Further, Directors and all employees of the Company is given training on JKH Group Policy on Anti- Corruption.

John Keells Group's diversity, equity and inclusion (DE&I) policy

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 of diverse perspectives and backgrounds. The Group is committed to advancing a culture of equitable inclusion amongst its 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

The following key initiatives and targets were rolled-out, in furtherance of the Group's emphasis on creating an inclusive, diverse and equitable work environment;

- The Group introduced 100 days of parental leave at the birth or adoption of a child. In this regard, while the Group will continue to offer 100 days of maternity leave on the birth or adoption of a child, the five-days of paternity leave was enhanced to 100 days, ensuring equity, and recognising the importance of both parents' roles in early childcare.
- The Group also adopted gender-neutral terminology with the objective of avoiding word choices which may be interpreted as biased, discriminatory or demeaning and with the intention of being inclusive of gender nonbinary persons.

- As a first step to developing a focused strategy around increasing career opportunities for persons with disabilities (PWDs), a tri-lingual survey to understand the needs and perceptions of PWDs was launched. This was one aspect of a structured phased-out road map, which includes identifying roles across the Group that can provide opportunities for PWDs with reasonable accommodation, the appointment of supported employment officers, and conducting job mapping and awareness sessions by industry experts.

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.

Policy against sexual harassment

The Company has 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.

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.

John Keells Group's policy for bidding on contracts and tenders

In November 2022, the Group introduced the Policy for bidding on contracts and tenders, which entails a standardised set of guidelines for bidding, including to those of local and foreign governments and related bodies. The Policy for bidding on contracts and tenders, is a step towards promoting organisational transparency and consistent organisational behaviour. Whilst Group companies are required to adhere to local statutory provisions and Government procurement guidelines and meet the requirements stipulated in the request for proposal/guidance notes specified in the contracts/tenders, the policy also requires the bidding entity within the Group to adhere to all Group policies including the Code of Conduct, anti-corruption, anti-bribery and anti-money laundering and gift policies.

This policy has been adopted by and applies to the Company and, as applicable, to consultants, agents, representatives, and supply chain partners.

Assurance Mechanism

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. Further, any of the communication channels mentioned below are available to any of the employees of the Company through which employees can report suspected acts of corruption or breaches of anti-corruption policies and does the mechanism/channel allow for confidential and/or anonymous reporting.

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 and the practice of the "Open-Door" policy

CODE OF CONDUCT

The Company abides by the JKH Group Code of Conduct. To drive cohesive growth across the Group, the Board has established common guidelines including a code of conduct aligned to a strong set of corporate values. The Code applies to all employees including Directors and is inculcated at all levels through structured communication, with the objective of enhancing awareness and driving reinforcement. The code fosters an ethical culture and promotes compliance with relevant laws and legislation, an imperative to retaining the trust of stakeholders.

The Code of Conduct also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information. Policies on anti-fraud, anti- corruption and anti-money laundering and countering the financing of terrorism and JKH's Code of Conduct also encompass:

- anti-bribery controls to prevent payments and contributions being made with the aim of obtaining an improper business benefit from any party including, but not limited to clients, service providers, customers, business associates and political parties; and
- controls on gifting and favours. The giving or accepting gifts or favours in whatsoever form, including from clients, service providers, customers, business associates and political parties and any other stakeholder we engage with in the course of carrying out duties in our professional capacity, is prohibited if it was possible on the part of a "reasonable person" to conclude that the giving/ acceptance of such gifts or favours could directly or indirectly affect one's independence in decision making and conduct as an

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employee and/or if it could be seen by others as a consideration for an official or business favour. The 'reasonable person' test should also be applied in respect of charitable donations and sponsorships (financial or in-kind) that are made.

In the event a gift or benefit of a threshold of above USD 50 per gift is given or received, based on business exigencies, these are monitored to ensure conformance with the Group's policies, including policies on gifts and entertainment. Such exceptions are required to be reported to the respective Finance Head of the business (Chief Financial Officer or Sector Financial Controller), where in turn, these are collated and monitored centrally.

The Board leads by example setting the ethical tone for the Company. Employees are assessed, recognised and rewarded for conformance with Corporate Values and adherence to the Code of Conduct as an element of their annual performance appraisal. The Chairperson of the Board affirms that there has not been any material violation of any of the provisions of the Code of Conduct. In instances where violations did take place, they were investigated and handled through well established procedures.

JKH Group Code of Conduct

- Allegiance to the Company and the Group that ensures the Group will "do the right thing", by going further than the letter of any contract, the law and our written policies.
- Compliance with rules and regulations applying in the territories that the Group operates in
- Conduct all businesses in an ethical manner at all times in keeping with acceptable business practice
- Exercising of professionalism and integrity in all business and 'public' personal transactions

Corporate Values

"Cinnamantra" our new purpose and seven corporate values were rolled out during the year. Our seven core values Greatness, Compassion, Agility, Wellbeing, Inclusivity, Trust and Curiosity will be the foundation on which we base our future journey of growth. A series of programmes are being carried out to create awareness about the Group's new purpose and values.

Whistle-blower Policy

Independence of the Group's whistle-blower channels was maintained by the appointment of the Ombudsperson effective 1 December 2020. This individual is an attorney-at-law by profession. The Group has witnessed an increased level of communication flow from employees. Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up. The respective outcomes are duly recorded.

Ombudsperson and Grievance Mechanism

An Ombudsperson is available to report any complaints from employees of alleged violations of the published Code of Conduct 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, is confidentially communicated to the Chairperson-CEO or to the Senior Independent Director upon which the involvement of the Ombudsperson ceases.

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

i. the decision and the recommendations;

ii. action taken based on the recommendations;

iii. where the Chairperson-CEO or the Senior Independent Director disagrees with any or all of the findings and or the recommendations thereon, the areas of disagreement and the reasons, therefore.

In situation (iii) the Board is required to consider the areas of disagreement and decide on the way forward. The Chairperson-CEO 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.

Mandate and Role

For purposes of easy reference, the Ombudsperson's mandate and role is set out below:

(a) legal and ethical violations of the Code of Conduct for employees, but in an appellate capacity, when a satisfactory outcome using existing procedures and processes have not resulted or when the matter has been inadequately dealt with;

(b) violations referred to above by individuals at the Executive Vice President, President and Executive Director levels, including that of the Chairperson-CEO, in which case the complainant has the option of either complaining to the Ombudsperson in the first instance, or first exhausting the internal remedies;

(c) sexual harassment, in which event the complainant has the option of either complaining to the Ombudsperson in the first instance or first exhausting the internal remedies.

The mandate excludes disciplinary issues from the Ombudsperson's responsibilities. The right to take disciplinary action is vested exclusively in the Chairperson-CEO and those to whom this authority has been delegated.

No issues were raised by any member of the companies covered during the year under review.

Ombudsperson
31 March 2023

Internal Controls

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

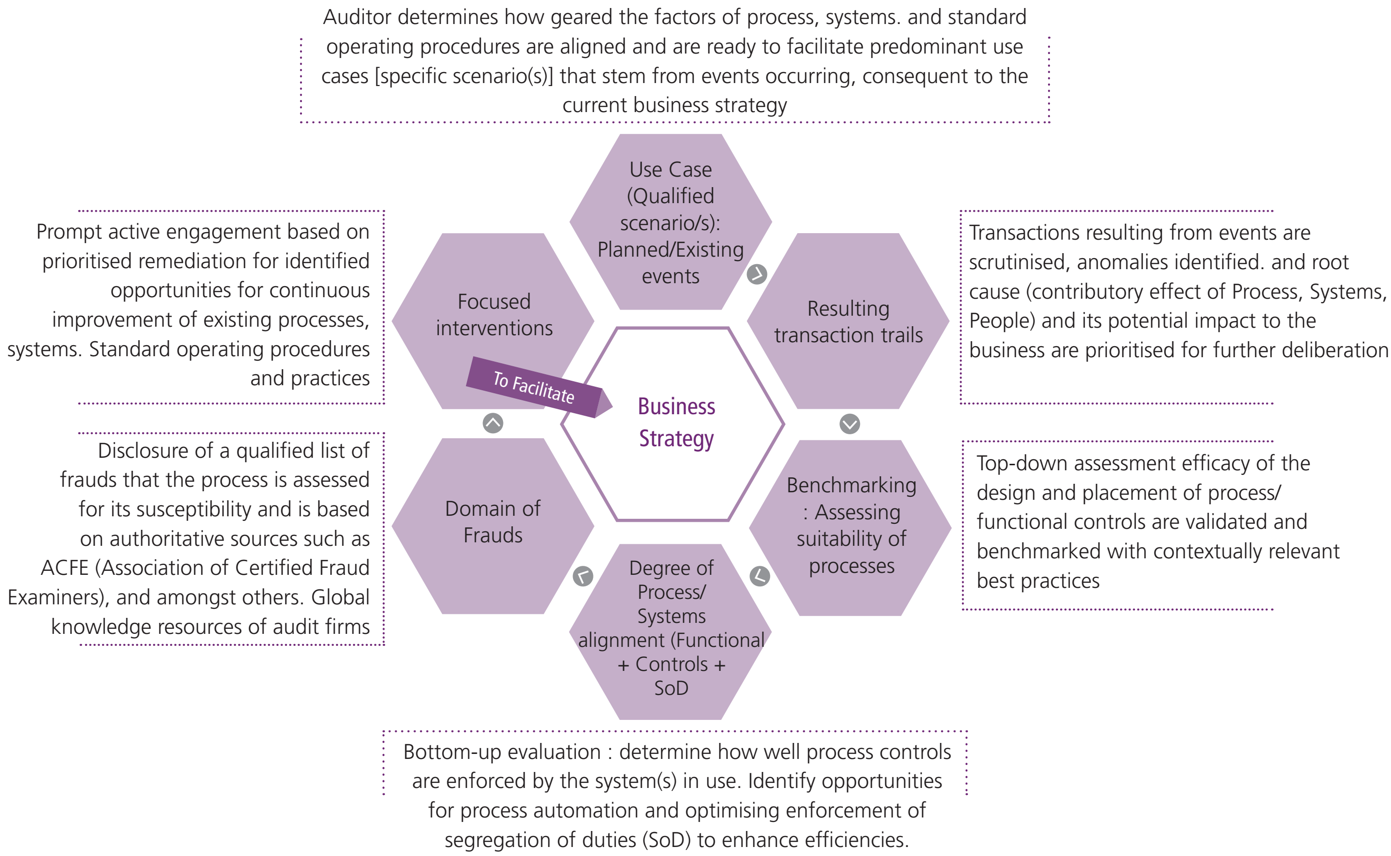
- Clearly defined formal policies and procedures which include the documentation of key systems and rules relating to delegation of financial authority. This restricts the unauthorised use of the Company's assets and ensures the monitoring of controls.
- Annual budgets are approved by the Board after 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.

The below diagram provides a helicopter view of the new Internal Audit Approach that has been rolled out within the Group. Central to this approach is the business strategy and how the current processes, systems, and people, are geared to efficiently and effectively handle the deliverables of the current business strategy at the time of review. The outer elements reflects the reporting elements which are noted in audit reports, either as observations and/or value-added recommendations.

CORPORATE GOVERNANCE



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 Auditor for 2022/23 at the last AGM which was held on 21st June 2022.

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 President – Leisure 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 the extent of 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	
(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	Notes to the Financial Statements
(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 Corporate Governance Note 09 and 28 of the Notes to the Financial Statements
(xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	

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.

CORPORATE GOVERNANCE

CSE Rule		Compliance Status	Company Action/Reference (within the Report)
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 on their independence. Board of Directors Profile
c.	A brief resume of each Director should be included in the annual report including the directors' experience	Yes	Board of Directors Profile
d.	Provide a resume of new Directors appointed to the Board along with details	Yes	Resumes of all Directors appointed to the Board are submitted to the CSE. There was one new 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	An Independent NED is the Chairperson of the Committee.
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Yes	The remuneration of the Chairperson-CEO of JKH and the Executive Directors of the Group 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
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 Chairperson 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 Chairperson of the AC is a member of a recognised professional accounting body.

CSE Rule		Compliance Status	Company Action/Reference (within the Report)
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	Refer Report of the Audit Committee.
c.3	Report on the manner in which Audit Committee carried out its functions and manner of compliance of the Company in relation to the above.	Yes	Refer 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	Refer 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

CORPORATE GOVERNANCE

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.

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 (CA Sri Lanka)

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

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
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
A.1.5	Independent Judgment	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

CORPORATE GOVERNANCE

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
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
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. If an alternate Director is appointed by an Independent Director, such alternate Director should meet the criteria of independence.	N/A	N/A
A.5.7	Appointment of Senior Independent Director (SID)	If the roles of Chairman/CEO are combined, an Independent 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

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
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	N/A
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	Corporate Governance
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	Corporate Governance
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	Corporate Governance
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	Director's Profiles

CORPORATE GOVERNANCE

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
A.11 Appraisal of the CEO				
A.11.1w	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.	Yes	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	Yes	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 recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating executive directors.	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
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

Code Ref.	Subject	Applicable Requirement Status	Compliance status	Applicable Section in the Annual Report
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 of 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 of the notes 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	Corporate Governance
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	Corporate Governance
C.1.4	Notice of AGM	15 working days notice to be given to shareholders	Yes	Corporate Governance
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	Corporate Governance
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
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	Yes	Financial Statements

CORPORATE GOVERNANCE

Code Ref.	Subject	Applicable Requirement Status	Compliance Status	Applicable Section in the Annual Report
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	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
D.1.4	Management Discussion and Analysis	Annual report to include section on Management Discussion and Analysis	Yes	Management Discussion and Analysis Operational Review Financial Review
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	Corporate Governance
D.1.7	Related Party Transactions	Disclosure of Related Party Transactions	Yes	Note 28 of the notes 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	Corporate Governance
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
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

Code Ref.	Subject	Applicable Requirement Status	Compliance Status	Applicable Section in the Annual 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	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	Corporate Governance
G. Sustainability Reporting				
G.1-G.1.7	Sustainability Reporting	Disclosure on adherence to sustainability principles	Yes	Operational highlights Operational Review Financial Review

HUMAN RESOURCES AND COMPENSATION COMMITTEE REPORT

The Human Resources 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 Officer (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 organisational growth and succession planning, with particular emphasis on succession at key executive levels.

In performing this role, the Committee is conscious of the need to ensure that stakeholder interests are aligned, and 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 Chairperson-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) was 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 Chairperson of the Human Resources and Compensation Committee continues to be a standing agenda item at the quarterly Board meetings. The Chairperson 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.

A Cabraal
Chairperson of the Human Resources and Compensation Committee

22nd May 2023

NOMINATIONS COMMITTEE REPORT

The Nominations Committee of the Company as at 31 March 2023, consisted of the following members:

Mr. J Durairatnam (INED*) – Chairperson

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 Directors to the Boards of the Company and its subsidiary, Trans Asia Hotels 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 recommendations on matters referred to it by the respective Boards of the Company and its subsidiary.

During the reporting period, the Committee recommended the following appointments /re-appointments to the Board of Trans Asia Hotels PLC:-

- Ms. S A Atukorale (new appointment as an Independent Non-Executive Director); and
- Mr. N L Gooneratne (renewal of contract as an Independent Non-Executive Director).

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

J Durairatnam

Chairperson of the Nominations Committee

22nd May 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Composition

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 Chairperson-CEO, Deputy Chairperson/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 Committee held four meetings during the financial year, which were held on a quarterly basis. Information on the attendance at these meetings by the members of the Committee is given alongside.

Objective and Governing Policies

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 all applicable rules and regulations, namely the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ('The Code') and 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 and ensures that transactions are in line with the Groups' internal governance framework and associated policies.

Procedure

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.

Non-recurrent Related Party Transactions (RPTs) of listed entities:

The Committee advocated the Management to implement appropriate procedures to ensure that all non-recurrent RPTs of the Group's listed entities are submitted to the Committee, for pre-approval. Accordingly, 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, including Trans Asia Hotels PLC.

Recurrent RPTs of listed entities:

The Committee has endorsed guidelines to facilitate disclosures and assurances to be provided by the senior management of listed entities in the Group so as to validate compliance with sec 9.5(a) of the Listing Rules and thus exclusion from the mandate for review and pre-approval of such transactions by the Committee.

Accordingly Recurrent RPTs as well as the aforesaid disclosures and assurances were reviewed annually by the Committee.

Other significant transactions of non-listed subsidiaries:

Material transactions of non-listed subsidiaries in the Group were presented to the Committee for information.

The Group continued to adopt a broader scope in defining key management personnel including therein all senior decision makers. Accordingly, 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 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 Transactions Review Committee

22nd May 2023

PROJECT RISK ASSESSMENT COMMITTEE REPORT

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

Dr. S S H Wijayasuriya

Mr. K N J Balendra

Mr. J G A Cooray

Ms. M P Perera

The Project Risk Assessment Committee was established with the purpose of further augmenting the Group's Investment Evaluation Framework. The Committee provides the Board with enhanced illumination of Risk perspectives with respect to large scale new investments, and also assists the Board in assessing 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 Group. The Committee accordingly provides early-stage recommendations to the Board with respect to the extent of risk and adequacy of mitigation strategies.

Given the extenuating impact of Sri Lanka's macroeconomic crisis on Group businesses and the trailing impacts of the pandemic on specific sectors; Board discussions took place at a higher frequency, affording the opportunity for matters pertaining to Group investments and risk assessments to be deliberated by the full Board.

S S H Wijayasuriya
Chairperson of the Project Risk Assessment Committee

22nd May 2023

RISK MANAGEMENT REPORT

Trans Asia Hotels PLC has adopted a comprehensive Risk Management Process which has been pivotal in ensuring the Company emerged securely from an operating environment defined by unprecedented challenges in the macroeconomic environment. The Risk Management Process provide agile solutions to internal and external risks while safeguarding all stakeholders' interests. Additionally, risk management framework maintains a safe workplace resulting in increased employee productivity and engagement, contributing to the sustainability and success of the organisation.

Trans Asia Hotels PLC bears the responsibility of safeguarding company assets, and managing risks successfully and resourcefully with the best interest of stakeholders in mind. The Company's Risk Management Framework is broadly aligned to policy and structures set out by the John Keells Group Enterprise Risk Management (ERM Division) which also provides support 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.

RISK MANAGEMENT FRAMEWORK

Risk Management Process

Trans Asia Hotels PLC's Risk Management Process evaluates both financial and operational risks through an online Enterprise Risk and Incident Management platform which operates in real-time and maintains a dynamic risk register for the Company. The platform delivers comprehensive assessments of the risk profiles while delivering data and information relevant to the identification of material issues faster, enabling timely proactive mitigating measures. The agile Risk Management Process is supported by continuous reviews, assessments and guidance provided by the John Keells Group Enterprise Risk Management (ERM), which ensures alignment with John Keells Holdings PLC (Parent) Risk Management policies.

Risk Governance

A review of the risk assessment outcomes and the overall oversight of the ERM process is conducted by the Board and the Audit Committee on a bi-annual basis. It is assisted by the Audit Committee which overlooks matters related to risk and internal control. The Audit Committee is supported by the John Keells Group Business Process Review (GBPR) Division and the outsourced internal Auditors.

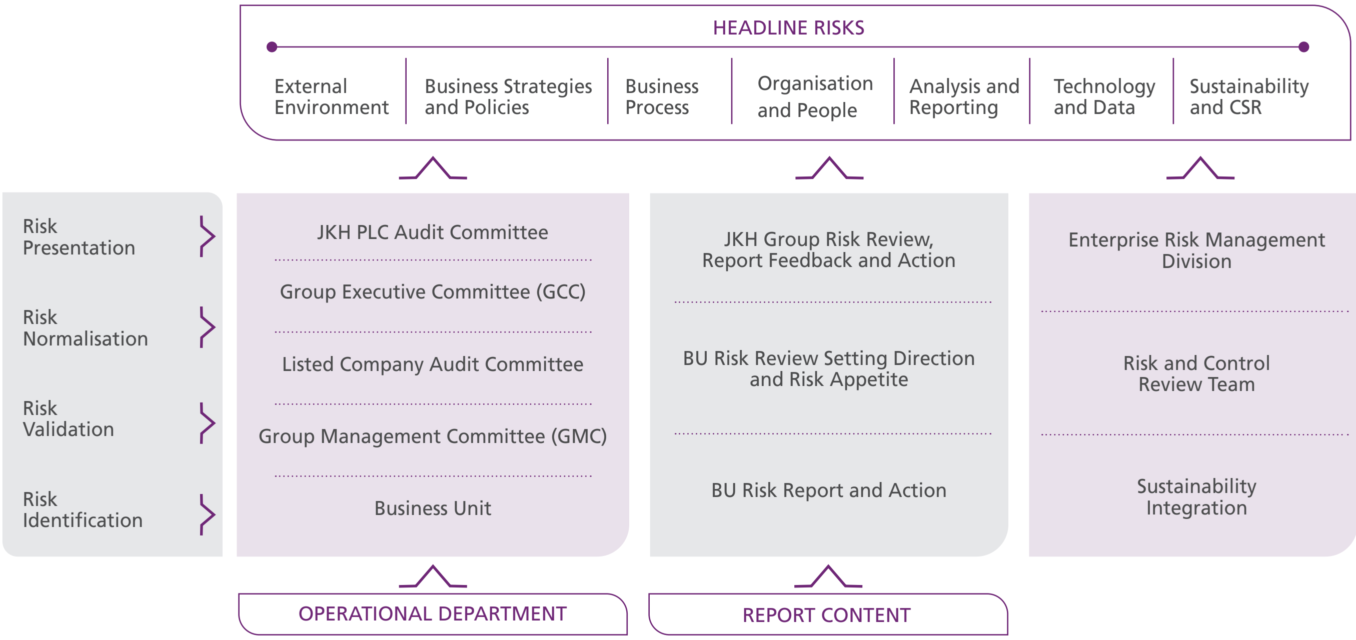
All risks are reviewed by the Risk Management Team led by the General Manager, as a method to validate the risk process at Business Unit level.

Principal Risks

The details of the risks faced by the Company which impacted its strategic business objectives as well as the relevant steps taken to address these risks are shown in page 50.

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.

RISK MANAGEMENT PROCESS OF JOHN KEELLS HOLDINGS GROUP



The ERM Framework of the John Keells Group (JKH) which is adopted and implemented by Trans Asia Hotels PLC consist of the following three steps:

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.

Common Risks - Common Risks are those risks which commonly appear on the risk grids of several companies of the JKH. These risks are incorporated in the risk grid of the Group Executive Committee of JKH and are rated based on a consolidation of the risk ratings of such risks in the RCSAs of the constituent businesses.

Business Specific Risks - Business Specific Risks are defined as those risks which are applicable only to an individual line of business.

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. These are risks that threaten the sustainability or long-term viability of a business.

2 Establishment of a Risk Register

Establishment of a Risk Register with Likelihood of Occurrence and Severity of Impact Using JKH 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

Establishment of Level of Risk Based on the values assigned for each individual risk, using the matrix given below. The level of risk is established by multiplying the Likelihood of Occurrence with Severity of Impact.

RISK MATRIX

Impact / Severity	Rare/Remote to Occur 1	Unlikely to Occur 2	Possible to Occur 3	Likely to Occur 4	Almost Certain to Occur 5
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

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

PRINCIPAL RISKS IDENTIFIED IN 2022/23

Using the Risk Management Framework of the organisation the following risks were identified as being impactful and affecting the strategic business objectives of the Company. Measures taken to address and mitigate these risks are discussed below.

Risk	Mitigating Actions	Current Assessment
Impact from Pandemic • 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-Minor Likelihood of occurrence-Likely Risk Rating-Medium ● Trend - ↓

Risk	Mitigating Actions	Current Assessment
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-Likely Risk Rating-High ● Trend - →
Disruption to business due to power and 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-Unlikely Risk Rating-Low ● Trend.- ↓
Supply chain issues/Supply chain shortages • Inability of our suppliers to fulfil 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-Unlikely Risk Rating-Low ● Trend.- ↓
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- Likely 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- Likely Risk Rating- High ● Trend - →

RISK MANAGEMENT REPORT

Risk	Mitigating Actions	Current Assessment
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-Unlikely 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 sanitation and pest control schedules **Corrective**- Public relations handling by duty managers and immediate action for damage control	Impact-Very high Likelihood of occurrence-Remote Risk Rating-Medium ● 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-Possible Risk Rating-Medium ● Trend - ↑
IT Risks • Not keeping up with the latest technological developments in the industry	**Preventive**- Updating of firewalls, service contracts, infrastructure and disaster recovery plans based on the latest technological advances in the industry **Detective**- Monitoring potential threats through regular internal audits and implementation of the cybersecurity framework **Corrective**- Immediate measures taken to correct identified deficiencies and gaps	Impact-High Likelihood of occurrence-Possible Risk Rating-Medium ● 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 military 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-Possible Risk Rating-Medium ● Trend - ↓
Labour Disputes	**Preventive**- Operational management supervision **Detective**- Regular discussions with employees on grievances **Corrective**- Increased employee engagement	Impact-High Likelihood of occurrence-Unlikely Risk Rating-Low ● 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-Likely 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 and Internal audit and loss recovery process	Impact-Low Likelihood of occurrence-Unlikely Risk Rating-Insignificant ● Trend- →
Sexual harassment at workplace • Risk to brand image • Dissatisfied staff • Difficulties in hiring	**Preventive**- Staff awareness and training sessions **Detective**- Transparent and confidential channels of communication **Corrective**- Robust disciplinary procedures	Impact-Very high Likelihood of occurrence-Unlikely Risk Rating-Low ● New Risk

→ Risk rating unchanged compared to previous year

↑ Risk rating increased compared to previous year

↓ Risk rating decreased compared to previous year

MANAGEMENT DISCUSSION & ANALYSIS

MACROECONOMIC ENVIRONMENT

In 2022, the Sri Lankan economy underwent unprecedented turmoil and volatility, recording its deepest economic contraction in decades, mainly driven by the ripple effects of the severe economic crisis amidst the domestic and global headwinds that reversed the post-pandemic recovery. GDP shrank by 7.8 per cent in 2022, compared to the growth of 3.5 per cent in 2021.

The economy was buffeted by acute fuel shortages due to the dearth of foreign exchange which hindered economic activities as a result of hampered supply chains, prolonged power outages, scarcity of raw materials amidst imports restrictions and a surge in the cost of production. Further, significant upward revisions in major utility prices amidst soaring global energy prices and the depreciation of the exchange rate exacerbated the situation, while accelerated inflation and tax hikes affected the disposable income of households.

Against this backdrop, the Government and the Central Bank initiated monetary policy tightening measures, along with the other measures to contain the balance of payments pressures, and fiscal reforms in taxation and utility prices, along with the fuel rationing. The Government sought assistance from the International Monetary Fund (IMF) for a funding arrangement, the first tranche of which was released only in March 2023.

The nation's agriculture sector, which was already experiencing lacklustre performances since the 2019 ban on chemical fertiliser, contracted by 4.6 per cent in 2022 compared to a year earlier. This mainly reflected the severe shortages in chemical fertiliser and other agrochemicals, increased cost of raw materials, as well as the disruptions of supply networks. The industry sector contracted notably by 16 per cent in 2022, year-on-year, due to the dampened performance of the construction and manufacturing subsectors amidst severe shortages in raw materials and input cost escalations. The energy crisis and tighter monetary conditions also weighed on the performance of the industry subsectors. The construction subsector, which accounted for 28 per cent of the industry sector, registered a year-on-year contraction of 20.9 per cent, while overall manufacturing activities, which accounted for about 59 per cent in the total industry sector, contracted by 12.6 per cent, year-on-year, in 2022. Despite the resilient performance in the services sector during the first quarter of 2022, supported by the gradual normalisation of services sector activity following the COVID-19 pandemic, economic headwinds that intensified thereafter resulted in an overall contraction of 2 per cent, year-on-year, in 2022.

Inflation

Inflation reached historically high levels in 2022 before trending downward. The unprecedented acceleration of inflation was mainly due to rise in food prices and other supply side disruptions, the sharp depreciation of the Sri Lanka rupee against the US dollar and the subsequent adjustments in administered prices, such as energy and transport prices and their spillovers. The transport sector recorded over 100 per cent inflation during the months of the second half of 2022 and peaked at 150.4 per cent in September 2022, while food inflation also peaked at 94.9 per cent in the same month. Accordingly headline inflation, year-on-year, accelerated to 69.8 per cent in September 2022, from 12.1 per cent at end 2021, before moderating to 57.2 per cent by end 2022.

Exchange Rates

In 2022, the Sri Lankan rupee (LKR) recorded a depreciation of 44.8 per cent against the US dollar. The Sri Lankan rupee, which remained at around Rs. 202-203 per US dollar until early March 2022, depreciated thereafter as a result of the measured adjustment that was allowed in the determination of the exchange rate in the first week of March 2022.

Interest Rates

The Central Bank of Sri Lanka raised the key monetary policy rates by a record high level to curb inflation, with interest rates reaching 30 per cent.

Unemployment

In 2022, unemployment levels in the economy declined marginally, despite the challenges to labour productivity, caused by fragile macroeconomic conditions. The annual unemployment rate declined to 4.7 per cent in 2022, compared to 5.1 per cent in 2021, despite an increasing trend in the unemployment rate that was observed in the second and third quarters of 2022. Meanwhile, persistent disruptions to supply channels, caused by acute fuel shortages, intermittent power outages, as well as shortages of inputs due to import restrictions, hindered the optimal use of labour.

TOURISM INDUSTRY OVERVIEW

Sri Lanka Tourism

Tourist arrivals, which started to gather momentum from late 2021, peaked in March 2022, before being hampered by heightened social tensions, shortage of fuel for domestic travel, and resultant negative publicity and travel advisories issued by major source markets. In addition to domestic factors, the outward travel ban in China also negatively impacted the recovery in tourist arrivals.

The tourism sector faced a multitude of challenges: an increase in electricity tariffs, increase in taxes and levies pertaining to businesses engaging in the tourism sector; lack of skilled staff in hotels due to high labour migration; reduction in arrivals from the CIS region due to the Russia-Ukraine war; high inflation, globally and domestically; looming global recessionary conditions, and the current economic crisis in Sri Lanka.

However, some countries reduced the severity of their travel advisories with the dissipation of social tensions, resulting in a gradual pickup of arrivals since October 2022, and increased momentum towards early 2023. The resumption of operations of many international airlines, charter flights and cruise tourism as well as the global promotions in many countries also contributed to the revival of tourist arrivals. Accordingly, Sri Lanka recorded a significant increase in tourist arrivals during 2022 to 719,978 from 194,495 in 2021.

Europe continued to be the largest source region of tourists to Sri Lanka, while India remained the largest single country of tourist arrivals. According to the Sri Lanka Tourism Development Authority (SLTDA), tourist arrivals from across all major regions increased in 2022, compared to 2021, with Europe accounting for 60 per cent of total tourist arrivals, amounting to 432,226 tourists. Asia and the Pacific region recorded the second highest arrivals with 213,537 tourists in 2022, accounting for about 30 per cent of total tourist arrivals.

In terms of tourist arrivals by countries, India was the leading tourist source market in 2022, with 123,004 arrivals, accounting for about 17 per cent of total arrivals, followed by Russia (91,272), the UK (85,187), Germany (55,542), and France (35,482), collectively accounting for 54 per cent of total arrivals.

Earnings from tourism in 2022 recorded a significant increase, compared to 2021. Earnings from tourism amounted to US Dollars 1,136 million, compared to US Dollars 507 million in 2021, recording an impressive annual growth of 124.2 per cent. However, earnings from tourism were far below the US Dollars 4.4 billion levels achieved in 2018.

Based on revised estimates of the SLTDA on tourist spending and duration of stay, the average spending per tourist in 2022 amounted to US Dollars 169.0 per day, compared to US Dollars 172.6 per day in 2021. Meanwhile, the average duration of stay by a tourist was estimated at 9.3 days in 2022, in comparison to 15.1 days in 2021.

Investments

Investment in the tourism sector was hampered in 2022, with delays and down-scaling of projects by investors, as well as disturbances in the construction industry amidst the challenging economic conditions.

SLTDA received 42 new investment projects relating to the tourism sector for approval, amounting to US Dollars 68 million in 2022, with a capacity of 1,054 rooms. There was a decline of 48.8 per cent in the investment value of the projects received in 2022, compared to 2021. In terms of approved projects, the SLTDA granted approvals for 20 tourism-related projects in 2022, amounting to US Dollars 36 million, with a collective capacity of 363 rooms. In addition, 95 hotel projects with 5,424 rooms are currently under construction at different levels of completion, while 25 hotel projects with a capacity of 1,623 rooms are expected to be completed by 2023. Accordingly, graded establishments, amounting to 469, with a total capacity of 25,597 rooms, and supplementary establishments, including boutique villas, bungalows, guest houses, heritage bungalows, heritage homes, home stay units, rented apartments and rented homes amounting to 3,360, with a total capacity of 22,523 rooms, were in operation in 2022.

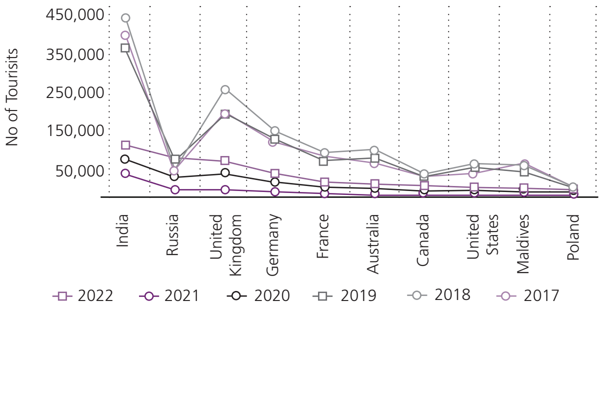
Tourism Recovery Strategy

SLTDA published a Strategic Plan for Sri Lanka Tourism 2022-2025 in April 2022, identifying issues, opportunities and actions proposed, in order to set an agenda for the recovery and future resilience of the tourism sector. In support of easing the arrival procedure, Sri Lanka resumed the visa-on-arrival facility for international travellers in January 2022 for most countries.

The Sri Lanka Tourism Promotion Bureau (SLTPB) organised familiarisation campaigns for travel agents from Russia and Ukraine in order to attract more tourists from the CIS region, while such initiatives were expanded to the Middle Eastern region as well. Further, various promotional campaigns, such as film tourism and the hosting of road-shows were held, targeting the Indian market.

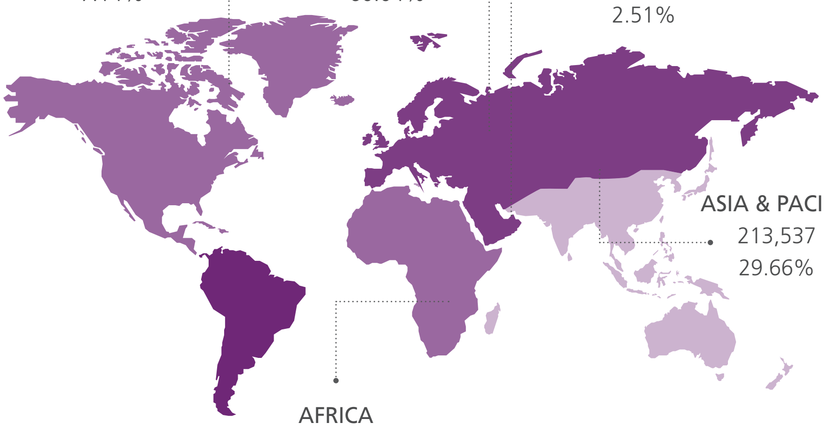
TOURIST ARRIVALS BY MONTH-2021 & 2022

TOURIST ARRIVALS FROM MAIN SOURCE MARKETS 2017 TO 2022



MANAGEMENT DISCUSSION & ANALYSIS

Meanwhile, the Sri Lanka Wellness Tourism Stakeholder Project was officially launched in February 2022. Also, some of the hotels and resorts in Sri Lanka have received accolades in various forums within the global tourism industry. Accordingly, Sri Lanka was accredited as 'One of the world's safest countries to travel' by Worldpackers and 'Best destinations to travel in 2023' by Independent Magazine–UK. Moreover, Sri Lanka was recognised among the 'Top 20 places to travel' by Readers' Choice awards by Conde Nast Traveller during 2022.



Global Tourism

International travel doubled in 2022 compared to levels in 2021, with the Middle East and Europe making a strong comeback, according to the UN World Tourism Organisation (UNWTO). More than 900 million tourists made foreign trips in 2022, as several countries with strict COVID-19 restrictions eased rules. This represents 63 per cent of pre-pandemic levels, according to the report. In 2019, nearly 1.5 billion people travelled internationally. In 2021, around 455 million people travelled internationally, according to the report.

Before the pandemic, travel and tourism accounted for nearly 10 per cent of the global GDP. The travel industry was valued around $3.5 trillion ($3.2 trillion) in 2019, with the pandemic placing millions of jobs at risk.

The Middle East enjoyed the strongest relative increase last year as international arrivals climbed to 83 per cent of pre-pandemic levels. Europe, where 31 countries had no corona virus restrictions as of June last year, also made a strong comeback, accounting for 80 per cent recovery as compared to travel levels before the pandemic. Africa and America saw international travel return to about 65 per cent of pre-pandemic levels, while Asia and the Pacific recovered at a much slower pace.

With several countries in the Asia-Pacific region still under corona virus restrictions, international arrivals reached only 23 per cent of levels before the pandemic. However, the return of Chinese travellers, who are among the world's top spenders is likely to benefit Asian destinations in the short-term.

Outlook for Global Tourism

Based on UNWTO's forward-looking scenarios for 2023, international tourist arrivals could reach 80 per cent to 95 per cent of pre-pandemic levels this year, depending on the extent of the economic slowdown, the ongoing recovery of travel in Asia and the Pacific and the evolution of the Russian offensive in Ukraine, among other factors.

Notable increases in international tourism receipts have been recorded across most destinations, in several cases higher than their growth in arrivals. This has been supported by the increase in average spending per trip due to longer periods of stay, the willingness by travellers to spend more in their destination and higher travel costs due to inflation. However, the global economic situation could translate into tourists adopting a more cautious attitude in 2023, with reduced spending, shorter trips and travel closer to home.

FINANCIAL REVIEW

Despite the macroeconomic challenge during the financial year (FY) 2022/23 the Company managed to record a strong increase in revenue followed by significant efforts to improve efficiencies and optimise resources, while collaborating with banking partners and suppliers to balance working capital requirements. Overall, the company recorded a resilient performance considering the unprecedented events in the period under review.

Considering the import restrictions and the rupee devaluation that took place during the year under review, the company focused on locally sourced supplies as opposed to importing them, thereby boosting local suppliers as well. This move is part of its strategy to bring down operational costs. As a result of the food inflation and higher operational costs, the company was compelled to raise the prices at its F&B outlets. The company continues to enhance its F&B menu offerings and conduct credit card and other promotions to attract patrons to its F&B outlets. In terms of room occupancy, Cinnamon Lakeside has been one of the top performers throughout the year among Colombo five-star hotels and the company is confident of enhancing its performance on room occupancy as the external conditions become more favourable.

Maintaining a sound financial position was the main objective of the company during FY2022/23 as it became increasingly clear that the period under review would be one of the worst in the history of the Sri Lankan economy. As an agile organisation with decades of experience in the hospitality industry, we recalibrated our priorities to cushion against any severe impact. Several mitigating strategies were adopted to strengthen resilience and maintain adequate cash flow and revenue generation. The revenue recorded by the company in FY2022/23 reflects growth amidst volatile conditions.

Revenue

The company recorded an increase in Revenue from Rs. 1.8Bn in 2021/22 to Rs. 3.5Bn in 2022/23 with the main contributors being room revenue which increased by Rs. 471 Mn year on year and F&B revenue which increased by Rs. 1.1Bn year on year, with the main earnings coming in the second half of the year once relative social and political stability was restored. The Banquets category also showed an improvement in the second half of the year, contributing Rs. 869Mn to the company's revenue. Our food delivery platform, 'Flavours', also contributed to the revenue increase, especially during the first half of the year. Meanwhile, occupancy increased to 39% as compared to 24% in the previous year. Innovative sales and marketing approaches were adopted and various promotions and offers were extended to increase footfall to F&B outlets. Considering the strong reputation enjoyed by the Cinnamon Lakeside as a preferred venue for weddings, corporate functions and F&B, the second half of the year saw increased patronage from customers once the fuel shortage issue had eased.

Cost of Sales

The cost of sales rose during the FY 2022/23 to Rs. 2.1Bn from Rs. 1.1Bn in 2021/22 on account of salary increments, cost of living allowance amidst high inflation, ex-gratia payments, and the year-on-year increase in business volume.

Gross Profit Margins

The company witnessed an increase in gross profit margin to 42% in 2022/23 from 41% in the previous year which reflects the progress achieved despite a rocky first half of the year and a challenging macro-economic environment. The price revisions undertaken during the year and increase in room occupancy and F&B revenue amidst the inflation further contributed to healthy gross profit margins. The Company's strong focus on cost rationalisation and efficiency maximisation also contributed towards maintaining a healthy gross profit margin.

Administration Expenses

Administrative expenses increased by 46% year on year as a result of the business volume increase and impact due to inflation during the financial year in review. Sales and distribution expenses too rose by 78% mainly as a result of the accelerated marketing efforts undertaken during the year.

During the financial year a reversal on the provision of doubtful debtors amounting to Rs. 2.7Mn was recorded as a result of robust follow-up action on debtor balances and the resultant collections.

Profitability

The company posted a Profit before tax (PBT) of Rs. 107.8Mn from Rs. 4.9Mn in the preceding year which reflects a healthy improvement in performance. Profit after tax (PAT) for the year under review reflects a loss of Rs. 97.5Mn compared to the PAT of Rs. 4.1Mn due to the tax impact arising from the change in tax rates as a result of the government's new fiscal restructuring.

A fair value gain on investment property of Rs. 214Mn was recorded during the FY 2022/23 compared to the Rs. 167Mn gain recorded in the FY 2021/22.

Finance Costs

During the year, the Company reported finance costs of Rs. 202Mn, which was Rs. 80Mn higher than the previous year due to increased utilisation of overdraft facilities and rise in lending rates.

Assets

As of 31st of March 2023, the Company's total assets amounted to Rs. 8.6Bn, an increase from Rs. 7.5Bn as at 31st March 2022. The growth in assets was mainly driven by the increase in property, plant and equipment balance, valuation gain on investment property and the increase in inventory and trade and other receivables balance as a result of increased business volume.

Cash flows

During the year, the Company generated positive cash flows from operations of Rs. 318Mn, an increase of Rs. 304Mn year on year supported by increased business volume. The cash flow used in investing activities was Rs. 499Mn in 2022/23, primarily due to the investment made on the renovation of the carpark. The company reported net cash used for financing activities of Rs. 44Mn in 2022/23, primarily due to repayment of long-term borrowings.

FINANCIAL REVIEW

Economic challenges

The Company was able to manage the impact arising due to the challenges posed by the macroeconomic environment and the resultant economic crisis by employing prudent and proactive action plans. The table below shows the key economic challenges faced by the Company during the year under review and the actions taken to overcome those challenges.

Challenge	Action taken by the company
Tightening of the monetary policy by the Central Bank of Sri Lanka during the financial year under review	Negotiating and securing adequate funding at the best interest rates with our banking partners.
Expiration of the debt moratorium granted to the tourism sector on 30.06.2022	Re-negotiation of the moratorium with our banking partners based on cash flow projections. Accordingly, the capital repayment of the foreign currency loan commenced in January 2023
Shortage of fuel and power crisis	Securing fuel stocks by making payments in US Dollars ensured the continuity of hotel operations
Supply chain shortages and issues	Identifying alternative sources of supplies, close monitoring of supply chain issues, modification of service offerings based on the material availability without compromising quality standards, and robust engagement with the supplier base
Sharp cost escalations due to inflation	Cost rationalisation and efficiency management programs
Tax Reforms on Value-Added Tax, Income Tax and introduction of Social Security Contribution Levy	Re-assessment and appropriate revisions made to the prices of hotel services

Outlook

The global economy faces prospects of a recession stemming from persisting geopolitical tensions and its spillover effects on commodity prices, rising inflationary pressures and an overall tightening of monetary policy by major central banks across the globe. Based on UNWTO's forward-looking scenario, international tourist arrivals are expected to reach 80% to 95% of pre-pandemic levels by 2023.

Our business strategy will be focused on maximising emerging opportunities while expanding revenue and rationalising costs by adhering to the company's robust processes and frameworks to manage cash flow and liquidity. Financial and non-financial key performance indicators will be closely monitored and evaluated to ensure stringent control to ensure a stable balance sheet.

While the current liquidity position of the company is adequate to manage current and future commitments as planned, the company will be evaluating the cash flow in an ongoing manner while taking cognisance of any changes in the macroeconomic environment. 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.

The green shoots of tourism recovery have been visible in the last quarter of the year under review, with tourist arrivals increasing month-on-month, and coupled with a greater marketing drive by the government in major source markets, should deliver results by way of increased tourist footfalls in the country.

We remain confident that the industry will turn around in the medium-term provided social, political, and economic stability is maintained. Overall, the company enjoys strong brand equity which will be leveraged to generate business. The company's business strategies are geared toward capitalising on all opportunities to maximise stakeholder wealth.

OPERATIONAL REVIEW

Cinnamon Lakeside faced multiple challenges as a result of the economic crisis in 2022, which had an adverse impact across social, economic and political fronts. The last four months of the preceding year, namely, the December 2021 to March 2022 period, witnessed an uptick in tourist arrivals as the pandemic effects eased. However, this respite was all too brief as April 2022 onwards the country witnessed the unfolding of the economic crisis, which subsequently eroded the profitability of the tourism sector in Sri Lanka due to negative reports of social unrest in the global media which deterred tourists coupled with shortage of fuel and gas, long queues for fuel and power cuts and many more disruptions which rendered Sri Lanka as a less than ideal tourism destination.

The hotel was compelled to raise the prices of its F&B offerings in order to recover some of the increases in cost due to inflation. Despite the F&B outlets performing well the profitability margins were negatively impacted due to the aforementioned inflationary pressure.

Despite the challenges, the company continued its commitment to sustainable operations as a responsible corporate steward. The various sustainability efforts to green its footprint and its community-related CSR projects.

Challenges Faced

One of the main challenges faced was talent retention as the decline of the tourism sector due to the economic crisis resulted in a rise in attrition due to the trend of migration as well as employees seeking sectors which were performing better. Unfortunately, this trend will continue in the short term until the country achieves economic recovery. The shrinking of the talent pool in the industry further drove up competition for skilled hospitality professionals.

However, the hotel mitigated the impact to a certain extent by recruiting fresh talent, partnering with a hotel school to ensure a pipeline of human capital, extending financial assistance to help employees cope with the soaring inflation and offering job security by not laying off any staff. In addition, an aggressive effort was made to recruit females which enhanced the gender ratio and reflects the company's commitment to diversity and inclusion.

While other markets started seeing accelerated tourism recovery, the same eluded Sri Lanka due to adverse travel advisories, and reports of scarcity of essential goods and shortage of medicines. Airline tickets to Sri Lanka remained high due to travel advisories due to which insurance premiums too were higher while frequency of flights to Sri Lanka were also reduced as at one point the country was not in a position to refuel aircrafts.

One opportunity that arose was that due to the depreciation of the rupee Sri Lanka became a cheaper destination, but this could not be capitalised on due to political and economic instability which did not lend confidence to tourists.

Hotel occupancy was adversely impacted by the slow down in tourist arrivals from April 2022. However, this was partially compensated by the local market segment.

Despite all the challenges emanating from the economic crisis, Cinnamon Lakeside maintained its high standards in guest relations, F&B offerings, housekeeping and room service.

Connecting with Customers

Considering the adverse reports of Sri Lanka in the global media about the economic crisis, the company accelerated its engagement with customers in source markets by updating them of positive developments and assuring them of the ability of the hotel to offer guests a comfortable stay. In order to stay connected with customers, the company used digital platforms and digital marketing while sustaining visibility on booking platforms.

OPERATIONAL REVIEW

Analysis of Strengths, Weaknesses, Opportunities and Threats

The business strategies of the Company are developed and implemented based on the Company's strengths, weaknesses, opportunities and threats posed by the environment in which it operating in. Shown below is a SWOT analysis of the Company.

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 (JKH) 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.
- Spacious venues for events.
- Strong financial profile.

THREATS

- Threats of infectious diseases and pandemics like COVID-19.
- Macro economic situation of the country.
- Global recession and inflationary pressures.
- Changing demographic profile of the traveller.
- Intensifying competition from small scale room providers and 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.
- Cost escalation due to exchange rate pressures and supply chain challenges.
- Geopolitical tensions.

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 continues to be an industry-wide challenge.
- Limited opportunities for revenue diversification.
- Relatively high fixed cost structure.

OPPORTUNITIES

- Opening of source markets.
- 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.

SHARE INFORMATION AND SHAREHOLDING

1 2022/23 FINANCIAL CALENDAR

Meeting	
42nd Annual General Meeting	26th June 2023
Interim Financial Statements	
1st Quarter ended 30th June 2022	Released on 18th July 2022
2nd Quarter ended 30th September 2022	Released on 02nd November 2022
3rd Quarter ended 31st December 2022	Released on 30th January 2023
4th Quarter ended 31st March 2023	Released on 23rd May 2023

2 DIRECTOR'S SHAREHOLDING

	As at 31.03.2023	As at 31.03.2022
Mr. K N J Balendra- Chairperson	Nil	Nil
Mr. J G A Cooray	1,200	1,200
Ms. S A Atukorale - appointed with effect from 22nd June 2022	Nil	N/A
Mr. N L Gooneratne	514,261	514,261
Mr. C L P Gunawardane	Nil	Nil
Mr. S Rajendra	Nil	Nil
Mr. M R Svensson	Nil	Nil
Mr. H A J de S Wijeyratne	Nil	Nil

3 THE COMPANY'S ISSUED ORDINARY SHARE CAPITAL OF 200,000,000 SHARES WERE HELD BY 1,474 SHAREHOLDERS AS AT 31ST MARCH 2023 (1,451 SHAREHOLDERS AS AT 31ST MARCH 2022)

3.1 Share Distribution as at 31st March 2023

			Number of shareholders	Percentage of shareholding	Total number of shares
Less than or equal	to	1,000	1,233	0.11%	211,858
1,001	to	10,000	184	0.33%	669,729
10,001	to	100,000	44	0.72%	1,438,872
100,001	to	1,000,000	9	1.99%	3,970,178
Over 1,000,001			4	96.85%	193,709,363
Grand total			1,474	100.00%	200,000,000

SHARE INFORMATION AND SHAREHOLDING

3.2 The Twenty One Largest Shareholders

		Shareholding as at 31.03.2023	%	Shareholding as at 31.03.2022	%
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	5,305,879	2.65	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	568,165	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	Trading Partners (Pvt) Ltd	100,000	0.05	-	0.00
15	Ms. A M Ondaatjie	83,400	0.04	83,400	0.04
16	Mr. G G Ondaatjie	83,400	0.04	83,400	0.04
17	Mr. T J Ondaatjie	83,399	0.04	83,399	0.04
18	Mrs. V A Seneviratne	75,000	0.04	75,000	0.04
19	Mrs. B J E Severin	72,800	0.04	72,800	0.04
20	Mr. R D Ranathunga	50,112	0.03	50,112	0.03
21	Phoenix Ventures (Pvt) Ltd	50,000	0.03	-	0.00
		198,277,652	99.14	198,281,083	99.14

All of the shares issued by the Company are voting shares

3.3 Composition of Shareholders

	As at 31st March 2023			As at 31st March 2022		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
Directors and Spouses	2	515,461	0.26	2	515,461	0.26
Public non-resident						
Institutions	-	-	-	-	-	-
Individuals	16	92,693	0.05	15	92,543	0.05
Public resident						
Institutions	49	196,158,444	98.07	45	196,158,790	98.07
Individuals	1,407	3,233,402	1.62	1,389	3,233,206	1.62
Total	1,474	200,000,000	100.00	1,451	200,000,000	100.00

3.4 Public Shareholdings

	As at 31st March 2023			As at 31st March 2022		
	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	2	515,461	0.26
Public Shareholding	1,470	15,377,255	7.69	1,447	15,377,255	7.69
Total	1,474	200,000,000	100.00	1,451	200,000,000	100.00

4 MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

		2022/23	Q4	Q3	Q2	Q1	2021/22
High	(Rs.)	**55.60**	55.00	48.10	53.00	55.60	68.50
Low	(Rs.)	**40.00**	40.80	40.00	40.10	40.00	48.00
Close	(Rs.)	**45.20**	45.20	45.00	46.00	45.30	48.20
Dividend paid (per share)	(Rs.)	**-**	-	-	-	-	-
Trading Statistics							
Number of transactions		**476**	81	120	230	45	858
Number of shares traded	('000)	**237**	8	15	212	2	146
% of total shares in issue		**0.118**	0.004	0.008	0.106	0.001	0.073
Value of all shares traded	(Rs. Mn)	**11.92**	0.37	0.64	10.82	0.09	8.22
Average daily turnover	(Rs. '000)	**102.74**	11.81	23.80	284.75	4.44	49.20
Market capitalisation	(Rs. Mn)	**9,040**	9,040	9,000	9,200	9,060	9,640
Float adjusted market capitalisation	(Rs. Mn)	**695**	695	692	707	697	741

The Company continues to be non-compliant with the Minimum Public Holding Requirement specified in Rule 7.14.1 (b) under Option 1 of the CSE Listing Rules and was transferred to the Second Board on 27 August 2021 of which the shareholders were apprised at the last Annual General Meeting of the Company. The non-compliance is due to the float adjusted market capitalisation not meeting the required threshold, owing to the anomalies brought about through the macro economic conditions of the Country. The Company continues to aggressively pursue its business strategies in order to capitalise on all available opportunities and maximise stakeholder value creation. The Company also monitors the situation towards ensuring compliance with the required Public Holding threshold as specified in the CSE Listing Rules. In the interim, the Company continues to make the requisite announcements regarding the non-compliance to the CSE.

5 DIVIDENDS SINCE 2004/05

Financial Year	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
2022/23	Nil	Nil

SHARE INFORMATION AND SHAREHOLDING

6) SHARE CAPITAL SINCE 2004/05

Financial Year	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
2022/23	200,000

*** * Sub division of shares*

Financial Reports

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting the 42nd Annual Report of Trans Asia Hotels PLC (Company) together with the Audited Financial Statements for the year ended 31st March 2023.

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 2023 and future business developments of the Company are provided in the Chairperson's Review on pages 5 to 7 This report which forms an integral part of the Annual Report 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 76 to 119

Corporate Governance

The Corporate Governance principles and practices of the Company are described from pages 10 to 47 of this report.

The Company continues to be non -compliant with the Minimum Public Holding Requirement specified in Option 1 of Rule 7.14.1 (b) of the Listing Rules. The non-compliance is due to the float adjusted market capitalisation not meeting the required threshold (Rs. 1Bn), owing to the anomalies brought about through the macro economic conditions of the country. Despite being transferred to the Second Board with effect from 27 August 2021, the Company continues to monitor the situation towards ensuring compliance with the required Public Holding threshold and to aggressively pursue its business strategies in order to capitalise on all available opportunities and maximise stakeholder value creation.

Subject to the above,

(a) Chairperson's declaration

The Chairperson 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 has 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 compliant with almost the full 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 to 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, 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 Chairperson of the Audit Committee. Foreseeable risks that may materially impact business are disclosed in the Risk Management Statement on pages 48 to 53 of this Report and notes to the Financial Statements on pages 85 to 119.

Going concern

The Company has prepared the financial statements for the year ended 31st March 2023 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31st March 2023, 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 management has formed judgment 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 along with the financial strength of the John Keells Group.

In determining the above, significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions, foreign exchange market limitations and interest rate volatilities 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 85 to 119 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 2023 amounted to Rs. 3,569 Million (2022 - Rs. 1,817Million).

Results & Appropriations

The profit after tax of the Company and the loss attributable to the equity holders for the year was Rs. 97Million (2022 –Profit Rs. 4Million). The synopsis of the Company's performance is presented in the following table:-

ANNUAL REPORT OF THE BOARD OF DIRECTORS

For the year ended 31st March in Rs.'000s	2023	2022
After providing for all known liabilities, bad & doubtful debts and depreciation on property, plant and equipment, the profit/(loss) before interest was	92,180	(41,973)
Interest paid during the year was	(202,387)	(122,173)
Interest earned during the year was	3,802	1,858
Change in fair value of Investment Property	214,301	167,226
Profit Before Tax was	107,896	4,938
To/from which was added/deducted the reversal/(provision) for taxation including deferred taxation of	(205,393)	(838)
Leaving a net profit/(loss) after tax of	(97,497)	4,100
Deferred tax effect on actuarial gain was	(2,654)	(809)
Gain on defined benefit plans of	10,698	5,781
The amount transferred from Revaluation Reserve was	25,134	25,134
Adjustment for Surcharge tax of	(14,233)	-
When the balance brought forward from the previous year was added	3,252,258	3,217,952
Leaving a balance to be carried forward next year of	3,173,606	3,252,258

Dividends

There was no dividend declared for the financial year ended 31st March 2023. 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. 4,065Million (2022 - Rs. 3,403Million) for the Company.

Capital expenditure for the year amounted to Rs. 504Million (2022 - Rs. 91Million).

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 2022 and the carrying value amounted to Rs. 3,318Million (2022 - Rs. 2,704Million). 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 2022 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. 3,147Million (2022 - Rs. 2,933Million). The Directors have decided to retain the fair value of investment property recognised as at 31st March 2023.

Details of the valuation of property, plant and equipment and investment property are provided in Notes 14 and 16 to the Financial Statements on pages 100 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 2023 was Rs. 1,113Million (2022 - Rs. 1,113Million). The Stated Capital of the Company comprises of 200 Million Ordinary Shares fully paid up.

Reserves

Total reserves as at 31st March 2023 for the Company amounted to Rs. 4,829Million (2022 - Rs. 4,777Million). The movement of reserves during the year is disclosed in the Statement of Changes in Equity on page 82.

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 2023 and the contingent Liabilities as at that date are given in Note 32 to the Financial Statements on page 119.

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 2023 was Rs. 45.20 (2022 - Rs. 48.20). The number of shareholders as at 31st March 2023 was 1,474 (2022 - 1,451). 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 61 to 64 of this Report. The list of top twenty one Shareholders of the Company as at 31st March 2023 is also provided on page 62 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 2023 and their brief profiles are given on pages 8 to 9 of this Report.

Retirement and re-election of Directors

In accordance with Article 83 of the Articles of Association of the Company,

Mr. M. R Svensson and Mr. J. G. A. Cooray who retire by rotation and being eligible offer themselves for re-election. Brief profiles of Mr. M. R. Svensson and Mr. J. G. A Cooray are contained on Page 8 of this Annual Report.

Ms. J. C. Ponniah retired from the Board with effect from 21st June 2022.

Ms. S. A. Atukorale was appointed to the Board as an Independent Non-Executive Director on 22nd June 2022. Ms. Atukorale retires in terms of Article 90 of the Articles of Association of the Company, and being eligible offers herself for re-election. A brief profile of Ms. S. A. Atukorale is contained on Page 9 of this Annual Report.

The Board has determined that, although Mr. N L Gooneratne does not satisfy the criteria titled "has served on the Board continuously for a period exceeding nine years from the date of first appointment" of independence, he 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 Independent..

The Board has further 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 resolution proposes that the age limit stipulated in Section 210 of the Companies Act shall not apply to Mr. N L Gooneratne who is 80 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. H A J de S Wijeyeratne – *Chairperson**

Mr. S Rajendra

Ms. S A Atukorale (appointed w.e.f. 22/06/2022)

Ms. J C Ponniah (resigned w.e.f. 21.06.2022)

*Member of a professional accounting body

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 73 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

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Company. The Human Resources and Compensation Committee of JKH comprises of three Independent Non- Executive Directors :-

Mr. D.A. Cabraal (Chairperson)

Mr. A.N Fonseka*

Dr. S.S.H Wijayasuriya

Mr. M. A Omar**

**Appointed w.e.f. 27.06.2022*

***Resigned w.e.f. 27.06.2022*

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 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 - Chairperson

Mr. A S De Zoysa

Mr. K N J Balendra

The report of the Nominations Committee is contained on page 45 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 46 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 - Chairperson

Ms. M P Perera

Mr. K N J Balendra

Mr. J G A Cooray

The Project Risk Assessment Committee Report is contained on page 47 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 2023.

c) Indemnities and remuneration

The Board approved the payment of revised Director fees and Board Sub Committee fees to the Non-Executive Directors of the Company, namely, K N J Balendra, J G A Cooray, S Rajendra, C L P Gunawardane, M R Svensson, N L Gooneratne, H A J de S Wijeyeratne and S A Atukorale which fees are commensurate with the market and complexities of the business of the Company, with effect from 1st July 2022. The fees payable to Directors nominated by John Keells Holdings PLC were remitted to John Keells Holdings PLC rather than to individual Directors.

The contract and standard Director fees of Mr. N L Gooneratne has been approved/ renewed by the Board.

Ms. S A Atukorale was appointed as an Independent Non-Executive Director of the Company with effect from 22nd June 2022 at the standard Non-Executive fees approved by the Board for Non-Executive Directors, which fees are commensurate with the market complexities of the Company

Directors Shareholding in the Company

The shareholdings of the Directors and their spouses in the Company are set out in page 61 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 page 18.

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 JKH is recognised 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 recognised in the income statement of the Company. This transaction does not result in a cash outflow to the Company and expense recognised is met with a corresponding equity reserve increase, thus having no impact on the Statement of Financial Position (SOFP). 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 John Keells Group 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 2023 was 601 (2022 – 531).

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 endeavours to pay for all items properly charged in accordance with these agreed terms. As at 31st March 2023, the trade and other payables of the Company amounted to Rs. 515Million (2022 - Rs. 383Million).

Sustainability Reporting

The Company has adopted the disclosures prescribed by the Code of best Practice on Corporate Governance (2013) which cover the elements of conflict of interest; bribery and corruption; entertainment and gifts; accurate accounting and record-keeping, corporate opportunities; confidentiality; fair dealing; protection and proper use of company assets; compliance with laws, rules and regulations (including insider trading laws); and the reporting of any illegal or unethical behaviour.

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 2023 the Company made donations amounting to Rs. 3Million (2021-Rs. 0.39 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 73

Annual report

The Board of Directors approved the audited financial statements for issue on 23rd May 2023.

Annual General Meeting

Annual General Meeting will be held as a virtual meeting on 26th June 2023 at 10.30 AM.

This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board

Krishan Balendra

Director

Director

Keells Consultants (Private) Limited
Secretaries

Date 23rd May 2023

STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statement sets out the Responsibility of Directors in relation to the Financial Statements of Trans Asia Hotels PLC (the "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 76 to 79 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 together with accompanying notes, which comprise of:

- Income Statement and Statement of Comprehensive Income of the Company, which present a true and fair view of the profit or loss for the respective financial year
- Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year:
- Statement of Changes in Equity, which presents a true and fair view of the changes in equity during the respective financial year:
- Statement of Cash Flows, which presents a true and fair view of the movement of cash flows during the respective financial year:

The Board of Directors have ensured that the Financial Statements of the Company for the year ended 31st March 2023 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 with a certificate from the Auditors being obtained prior to declaring such dividend.

The Board of Directors is required to provide and have provided 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 2023 . 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
TRANS ASIA HOTELS PLC

Keells Consultants (Private) Limited
Secretaries

23rd May 2023

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 12 to 13.

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 is 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 needs basis. The External Auditors and the Out sourced 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*	-	Chairperson
Mr. S Rajendra	-	Member
Ms. S A Atukorale*	-	Member

**Independent Non-Executive Director*

The detailed profile of the members of the BAC is given under Board of Directors on pages 8 to 9.

Meetings of The Board Audit Committee

The Audit Committee held four meetings during the financial year 2022/23. The attendance of the Committee members at these meetings is given under Corporate Governance Report on page 19.

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 Statement 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 out sourced 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.

During the year, Internal Audit Reports received by the Committee from the out sourced Internal Auditors, Messrs. PricewaterhouseCoopers (PwC) were reviewed and discussed with

AUDIT COMMITTEE REPORT

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 present, 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,Chartered Accountants be re-appointed as the External Auditors of Trans Asia Hotels PLC for the financial year ending 31st March 2024, 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 Chairperson of John Keells Holdings through a communication link named "Chairperson Direct" about any unethical behaviour 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 out sourced Internal Audit 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
Chairperson of the Audit Committee

23rd May 2023

Members:

Mr. H A J de S Wijeyeratne-Chairperson

Mr. S Rajendra

Ms. S A Atukorale

INDEPENDENT AUDITORS' 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 2023, and the statement of profit and 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 80 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 2023, 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.

INDEPENDENT AUDITORS' REPORT CONTD.

KPMG

01. Management assessment of the Company's ability to Continue as going concern.

Risk Description	Our Response
The Company incurred net loss of Rs. 97Mn for the year ended 31st March 2023. (Marginal Net Profit of Rs. 4.1Mn in 2022) Further, the Company's current liabilities exceeded its current assets by Rs 1,144 Mn (Rs. 752Mn in 2022) 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 current uncertain economic conditions. Notes to the financial statements, describes the impact of 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 uncertain economic conditions are still prevailing as at the reporting date. We identified management assessment of the Company's ability to continue as going concern 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.	• Obtaining the cash flow projections and discussing with management the possible impact on the key assumptions used in preparing the projections due to 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 uncertain economic situation to sustain its operations in the foreseeable future with reference to the requirements of the prevailing standards.

02. Valuation of the land and buildings (Property, Plant and Equipment and Investment Property)

Refer to note 14 and 16 to the financial statements	Our Response
Risk Description	**Our audit procedures included:**
As at 31st March 2023, the Company's Land and Buildings stated at fair value, classified as Property, Plant and Equipment and Investment Properties amounted to Rs. 3,318Mn and Rs. 3,147Mn respectively. Management has engaged an independent professional Valuer with appropriate expertise to determine the fair value of these properties in accordance with recognised 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, capitalisation 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 capitalisation rate, per perch price, fair market rental, value per square foot, diversity of locations, nature and tenure, which are subject to management bias.	• 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 current uncertain economic conditions. • 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 AUDITORS' REPORT CONTD.

KPMG

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.

Auditors' 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 consolidated 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

KPMG

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 auditors' report is 2599.

KPMG

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
23rd May 2023

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

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

For the year ended 31st March	Note	2023	2022
Continuing operations			
Revenue from contracts with customers	6	3,569,025	1,817,224
Cost of sales		(2,072,242)	(1,074,738)
Gross profit		1,496,783	742,486
Other operating income	7	979	30,377
Administrative expenses		(807,384)	(554,841)
Sales and distribution expenses		(143,596)	(80,869)
Other operating expenses	8	(454,602)	(179,126)
Results from operating activities	9	92,180	(41,973)
Finance income	10	3,802	1,858
Finance cost	10	(202,387)	(122,173)
Net finance cost		(198,585)	(120,315)
Change in fair value of investment property	16	214,301	167,226
Profit before tax		107,896	4,938
Income tax expense	11	(205,393)	(838)
Profit/(Loss) for the year		(97,497)	4,100
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation gain on buildings	14	326,664	41,193
Re-measurement gain on defined benefit obligation	25	10,698	5,781
Other comprehensive income not be reclassified to profit or loss in subsequent years		337,362	46,974
Tax effect on other comprehensive income	11.3	(175,090)	(6,576)
Other comprehensive income for the year, net of tax		162,272	40,398
Total comprehensive income for the year, net of tax		64,775	44,498
		Rs.	Rs.
Dividend per share	13	NIL	NIL
Basic/ Diluted Earnings / (Loss) Per Share	12	(0.49)	0.02

Note : The accounting policies and notes as set out on pages 85 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 31 March	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	14	**4,065,283**	3,402,994
Right-of-use asset	15	**707,028**	719,432
Investment property	16	**3,147,033**	2,932,732
Intangible assets	17	**376**	409
Non current financial assets	29.2.3	**14,843**	15,001
Other non-current assets	29.2.3	**6,424**	2,093
Total non current assets		**7,940,987**	7,072,661
Current assets			
Inventories	18	**150,177**	68,971
Trade and other receivables	19	**329,093**	195,606
Other current assets	20	**136,637**	142,568
Amounts due from related parties	28.2	**33,749**	20,268
Cash in hand and at bank		**66,182**	55,271
Total current assets		**715,838**	482,684
Total assets		**8,656,825**	7,555,345
EQUITY AND LIABILITIES			
Stated capital	21	**1,112,880**	1,112,880
Revenue reserves		**3,173,606**	3,252,158
Other components of equity	22	**1,655,740**	1,524,544
Total equity		**5,942,226**	5,889,582
Non-current liabilities			
Interest bearing loans and borrowings	23	**121,453**	57,188
Employees benefits	25	**126,957**	132,782
Deferred tax liabilities	11.5	**605,955**	240,996
Total non-current liabilities		**854,365**	430,966
Current liabilities			
Trade and other payables	26	**514,567**	383,459
Other current liabilities	27	**238,590**	142,403
Amounts due to related parties	28.4	**60,411**	36,330
Current tax liabilities	11.6	**21,461**	24,944
Interest bearing loans and borrowings	23	**92,534**	179,358
Bank overdrafts		**932,671**	468,303
Total current liabilities		**1,860,234**	1,234,797
Total liabilities		**2,714,599**	1,665,763
Total equity and liabilities		**8,656,825**	7,555,345
		Rs.	Rs.
Net assets per share		**29.71**	29.45

Note- The accounting policies and notes as set out on pages 85 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;

Krishan Balendra

K N J Balendra
Chairperson

J G A Cooray
Director

23rd May 2023

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
			Other Capital Reserve	Revaluation Reserve		
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**
Balance as at 1st April 2022		1,112,880	22,666	1,501,878	3,252,158	5,889,582
Adjustment for Surcharge Tax	11.6	-	-	-	(14,233)	(14,233)
As at 1 April 2022 (Adjusted)		**1,112,880**	**22,666**	**1,501,878**	**3,237,925**	**5,875,349**
Total comprehensive income for the year						
Loss for the year		-	-	-	(97,497)	(97,497)
Other comprehensive Income for the year net of tax		-	-	154,228	8,044	162,272
Total comprehensive income for the year		-	-	**154,228**	**(89,453)**	**64,775**
Transferred to revaluation reserve (Note a)		-	-	(25,134)	25,134	-
Share based payments	24	-	2,102	-	-	2,102
Balance as at 31st March 2023		**1,112,880**	**24,768**	**1,630,972**	**3,173,606**	**5,942,226**

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 85 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	2023	2022
OPERATING ACTIVITIES			
Profit before tax		107,896	4,938
Adjustments for:			
Finance income	10	(3,802)	(1,858)
Finance expenses	10	181,233	43,526
Depreciation of property, plant and equipment	14	163,418	153,688
Profit on disposal of property, plant and equipment	7	(798)	(1,704)
Amortisation of right-of-use assets	15	12,404	12,404
Amortisation of intangible assets	17	294	280
Employee benefits provision and related costs	25.1	23,116	18,370
Exchange loss on interest bearing borrowings	23	21,154	78,647
Change in fair value of investment property	16.1	(214,301)	(167,226)
Provision made on slow moving inventory	18.1	785	(267)
Provision for impairment of trade receivables	19.1	(2,734)	(3,245)
Share based payment expenses	24	2,102	937
Operating profit before working capital changes		290,767	138,490
Decrease/ (Increase) in inventories		(81,991)	(32,169)
Decrease/ (Increase) in trade and other receivables		(130,754)	(128,733)
Decrease/(Increase) amount due from related parties		(13,481)	(5,386)
Decrease/(Increase) in other current assets		5,933	(94,047)
Decrease/(Increase) in other non-current assets		(4,175)	(2,523)
(Decrease)/Increase in trade and Other Payables		131,108	73,000
(Decrease)/Increase amount due to related parties		24,081	21,483
(Decrease)/Increase in Other current liabilities		96,187	43,463
Cash generated from operations		317,675	13,578
Finance income received	10	3,802	1,858
Finance expenses paid	10	(181,233)	(33,219)
Surcharge Tax paid	11.6	(14,233)	-
Tax paid	11.6	(19,007)	(19,665)
Employee benefits paid/transfers	25	(18,243)	(25,844)
Net cash generated from/(used in) operating activities		88,761	(63,292)
INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	14	(503,631)	(91,367)
Purchase of intangible assets	17	(261)	-
Proceeds from disposal of Property, plant and equipment		5,387	2,883
Net cash used in investing activities		(498,505)	(88,484)
FINANCING ACTIVITIES			
Loan obtained during the year	23	48,000	-
Repayment of long term borrowing	23	(91,713)	(69,935)
Net cash used in financing activities		(43,713)	(69,935)
Net decrease in cash and cash equivalents		(453,457)	(221,711)
Cash and Cash equivalents at the beginning of the year		(413,032)	(191,321)
Cash and cash equivalents at the end of the year		(866,489)	(413,032)
Analysis of cash and cash equivalents			
Cash at bank		63,297	53,013
Cash in hand		2,885	2,258
Bank overdrafts		(932,671)	(468,303)
		(866,489)	(413,032)

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 85 to 119 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

INDEX TO THE NOTES

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 2023 was 601 (2022 - 531).

Approval of financial statements

The financial statements for the year ended 31st March 2023 were authorised for issue by the Board of Directors on 23rd May 2023.

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.

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.

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.

Provision for taxation

The tax liability arising from the Surcharge Tax Act No: 14 of 2022 has been accounted as recommended by the (Addendum to) Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the note 11 on Income Taxes.

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 recognised 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 2023 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31st March 2023, 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 management has formed judgment 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 along with the financial strength of the John Keells Group.

In determining the above, significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions, foreign exchange market limitations and interest rate volatilities have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

NOTES TO THE FINANCIAL STATEMENTS

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 recognised 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 2023 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
- Valuation of Buildings

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 2023 are as follows;

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 2023 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.

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 amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised 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 recognised 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: amortised 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 amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

The Company's' financial assets classified and measured at amortised 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 amortised 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 amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that 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 realising 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost

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

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 amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the 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 amortised 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

The 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 model under revaluation	Note 14
Investment properties	Note 16

Fair values vs carrying amounts	Amortised cost	Other financial liabilities	Total carrying amount
31st March 2023			
Cash in hand and at bank	66,182	-	66,182
Trade and other receivables	329,093	-	329,093
Amounts due from related parties	33,749	-	33,749
Non current financial assets	14,843	-	14,843
Other non-current assets	6,424	-	6,424
	450,291		450,291
Trade and other payables	-	332,391	332,391
Amounts due to related parties	-	60,411	60,411
Loans and borrowings	-	213,987	213,987
Bank overdrafts	-	932,674	932,674
	-	1,539,463	1,539,463
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
Non current financial assets	15,001	-	15,001
Other non-current assets	2,093	-	2,093
	288,239	-	288,239
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

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 STANDARD AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of a new standards are effective for annual periods beginning after 1st April 2023 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

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

Amendments to LKAS 1 : Disclosure of Accounting Policies.

Amendments to LKAS 8 : Definition of Accounting Estimates

Amendments to LKAS 12 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

NOTES TO THE FINANCIAL STATEMENTS

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 recognised 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 recognised as a liability. Upon provision of the services, the liability is set off and revenue is recognised over the period.

For the year ended 31st March	2023	2022
Room	903,875	432,563
Food	1,948,873	993,373
Beverage	319,325	163,491
Food and beverage - Other	100,878	58,142
Power Drome revenue	16,827	6,915
Rental Income from investment property	66,406	65,953
Others	212,841	96,787
Total revenue from contracts with customers	3,569,025	1,817,224

7 OTHER OPERATING INCOME

ACCOUNTING POLICY

Other income is recognised 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.

For the year ended 31st March	2023	2022
Net gain on disposal of property, plant and equipment	798	1,704
Gain on exchange	-	27,329
Sundry income	181	525
Reversal of unclaimed dividend	-	819
	979	30,377

8 OTHER OPERATING EXPENSES

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 performance.

For the year ended 31st March	2023	2022
Repairs and maintenance expenses	103,186	54,807
Heat ,light and power expenses	290,186	123,449
Bank charges	2,853	870
Loss on exchange	7,921	-
Social Security Contribution Levy	50,456	-
	454,602	179,126

9 PROFIT FROM OPERATING ACTIVITIES

ACCOUNTING POLICY

Expenditure recognition

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

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

For the year ended 31st March	2023	2022
Directors fees	8,183	6,000
Audit services	1,001	800
Donations / CSR	3,209	389
Depreciation of PPE and amortisation of ROU asset	176,115	166,372
Provision reversal for impairment-trade receivables	(2,734)	(3,245)
(Reversal)/Provision for slow moving inventory	785	(267)
Legal fees	7,045	2,448
Foreign exchange (gain) / loss	7,921	(27,329)
Staff cost (includes the following)	928,633	553,843
Defined benefit plan costs - employees benefit	23,116	18,370
Defined contribution plan costs -EPF and ETF	63,578	46,307

10 FINANCE INCOME AND 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 recognised 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 capitalised as part of that asset.

Finance costs

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

Finance Income and Finance Costs

For the year ended 31st March	2023	2022
Finance income		
Interest income on staff loan	2,609	1,433
Interest income on short term investments	1,193	425
	3,802	1,858
Finance expenses		
Interest expense on interest bearing loans and borrowings	(28,936)	(10,307)
Exchange loss on Interest bearing loans and borrowings	(21,154)	(78,647)
Interest expenses on bank overdraft	(152,297)	(33,219)
	(202,387)	(122,173)
Net finance cost	(198,585)	(120,315)

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 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.

Income tax and deferred tax

Income tax and Deferred tax have been provided as per the new rates legislated by the Inland Revenue (Amendment) Act No 45 of 2022. The deferred tax charge in the Income Statement includes Rs. 200,248,825 relating to the tax rate differential. The deferred tax charge in the Other Comprehensive Income statement includes Rs. 73,881,644 relating to the tax rate differential.

For the year ended 31st March	2023	2022
Current tax charge (11.1)	15,524	13,902
Under/(Over) provision income tax on previous year	-	18
Deferred tax expense (11.3)	189,869	(13,082)
	205,393	838
Other comprehensive income		
Deferred tax charge/(reversal)		
Relating to origination and reversal of temporary differences (11.3)	175,090	6,576
	175,090	6,576

11.1 RECONCILIATION BETWEEN INCOME TAX EXPENSE AND THE PRODUCT OF ACCOUNTING PROFIT

For the year ended 31st March	2023	2022
Profit/ (Loss) before tax	107,896	4,938
Income not liable for income tax	(1,194)	-
Adjusted accounting profit chargeable to income taxes	106,702	4,938
Disallowable expenses	238,583	244,537
Allowable expenses	(398,599)	(336,419)
Tax losses not utilised	110,841	144,870
Taxable income	57,527	57,926
Income tax charged at		
Standard rate - 24% (2021- 24%)	6,936	13,902
Standard rate - 30% (2022- 24%)	8,588	
Concessionary rate of 14%	-	-
Current tax charge	15,524	13,902
Under or (over) provision on income tax previous year	-	18
Deferred tax charge or (reversal) (Note 11.3)	189,869	(13,082)
Total income tax expense	205,393	838
Effective tax rate	192%	17%

11.2 RECONCILIATION BETWEEN TAX EXPENSE AND PRODUCT OF ACCOUNTING PROFIT

For the year ended 31st March	2023	2022
Adjusted accounting profit chargeable to income taxes	106,702	4,938
Tax effect on chargeable profits/(loss)	30,276	6,493
Tax effect on non deductible expenses	7,113	2,337
Tax effect on deductions claimed	(26,380)	(23,411)
Deferred tax due to rate differentials	200,249	-
Net effect of deferred tax in respect of prior years	(5,867)	15,401
Under/(Over) provision for previous years	-	18
Total income Tax expense	205,393	838

11.3 Deferred Tax Expense

For the year ended 31st March	2023	2022
Income statement		
Deferred tax expense arising from;		
Accelerated depreciation for tax purposes	412,224	(1,432)
Benefit arising from tax losses and other credits	(171,735)	(4,877)
Change in fair value of investment property	34,895	-
Others (ROU assets/liabilities, trade receivables etc)	(63,363)	(7,819)
Employee benefit liability	(22,152)	1,046
Deferred tax charge/(reversal) recognised in the Income Statement	189,869	(13,082)
Other comprehensive income		
Actuarial losses on defined benefit obligations	2,654	809
Revaluation gain/(loss) on buildings	172,436	5,767
Deferred tax charge/(reversal) recognised in the other comprehensive income	175,090	6,576
Total deferred tax charge /(reversal)	364,959	(6,505)

11.4 Tax Losses Carried Forward

For the year ended 31st March	2023	2022
Balance at the beginning of the year	731,115	696,278
Adjustments on finalisation of liability	71,680	(110,033)
Tax losses arising during the year	110,841	144,870
Balance at the end of the year	**913,636**	**731,115**

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 realisation 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 recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. 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 realised.

As at 31st March	2023	2022
Balance at the beginning of the year	240,996	247,501
Charge /(reversal) for the year (Note 11.3)	364,959	(6,505)
Balance at the end of the year	605,955	240,996
The closing deferred tax liability is arrived at as follows;		
Revaluation of buildings to fair value	237,568	65,132
Accelerated depreciation for tax purposes	758,871	345,138
Employee benefit liability	(38,087)	(18,589)
Losses and other credits available for offset against future taxable income	(274,091)	(102,356)
Revaluation of investment property to fair value	33,386	(1,508)
Others	(111,692)	(46,821)
	605,955	240,996

11.6 CURRENT TAX LIABILITY

As at 31st March	2023	2022
Balance at the beginning of the year	24,944	30,685
Charge for the year	15,524	13,902
Payments, adjustments and set off against refunds	(19,007)	(19,665)
Transfer to income tax recoverable	-	22
Balance at the end of the year	21,461	24,944

The Company has contingent liabilities amounting to Rs. 192Mn (2022 – Rs. 174Mn). 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 8 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. 2,000million, 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 and deemed to be an expenditure in the financial statements in the year of assessment which commenced on 1 April 2020.

Total Surcharge Tax liability of LKR 14.2 Mn has been recognised in the financial statements of the Company respectively as an adjustment to the 1 April 2022 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 paid on 20 July 2022.

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

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

For the year ended 31st March	2023	2022
(Loss) / profit attributable to ordinary shareholders of the company (Rs. '000)	(97,497)	4,100
Weighted average number of ordinary shares ('000)	200,000	200,000
Basic/diluted earnings / (loss) per share (Rs.)	(0.49)	0.02

13 DIVIDENDS PER SHARE

No Dividend was paid during the year 2022/23 and 2021/22.

Dividend per share has been calculated, for all periods, based on the number of shares in issue at the time of dividend payout.

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 recognised 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 recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

When an asset's carrying amount is decreased as a result of revaluation, the decrease is recognised 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 recognised 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-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Derecognition

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

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 derecognised.

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 57 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 capitalisation.

PROPERTY, PLANT AND EQUIPMENT

In Rs. '000	Buildings	Plant and Machinery	Computer Equipment	Furniture Fixtures and Fittings	Kitchen and Laundry Equipment	Hotel Equipment	Motor Vehicles	Soft Furnishing Base Stock	Circulating Assets	Work In Progress	Total 2023	Total 2022
Cost / Valuation												
Balance as at 1st April 2022	2,716,653	664,680	94,953	399,649	294,057	104,008	74,026	717,190	194,789	6,475	**5,266,480**	5,205,053
Additions	334,225	15,665	20,400	7,702	16,233	1,325	-	19,193	57,909	30,979	**503,631**	91,367
Transfers from WIP	6,475	-	-	-	-	-	-	-	-	(6,475)	**-**	-
Disposals	-	(20,546)	(316)	(2,469)	(3,343)	(630)	-	(3,248)	(7,166)	-	**(37,718)**	(22,242)
Transferred to Revaluation	(65,989)	-	-	-	-	-	-	-	-	-	**(65,989)**	(48,891)
Revaluation	326,664	-	-	-	-	-	-	-	-	-	**326,664**	41,193
Balance as at 31st March 2023	3,318,028	659,799	115,037	404,882	306,947	104,703	74,026	733,135	245,532	30,979	**5,993,068**	5,266,480
Accumulated depreciation												
Balance as at 1st April 2022	12,418	372,309	79,099	275,302	210,066	51,089	45,692	632,586	184,925	-	**1,863,486**	1,779,734
Charge for the year	53,571	25,338	8,529	21,665	11,212	6,938	3,291	19,218	13,656	-	**163,418**	153,688
Disposals	-	(18,181)	(316)	(2,078)	(2,747)	(298)	-	(2,422)	(7,088)	-	**(33,130)**	(21,045)
Transferred to Revaluation	(65,989)	-	-	-	-	-	-	-	-	-	**(65,989)**	(48,891)
Balance as at 31st March 2023	-	379,466	87,312	294,889	218,531	57,729	48,983	649,382	191,493	-	**1,927,785**	1,863,486
Carrying Amount												
As at 31st March 2023	3,318,028	280,333	27,725	109,993	88,416	46,974	25,043	83,753	54,039	30,979	**4,065,283**	
As at 31st March 2022	2,704,235	292,371	15,854	124,347	83,991	52,919	28,334	84,604	9,864	6,475	-	3,402,994

The cost of the fully depreciated assets in the Company which are still in use of the Company amounting Rs. 1,218Mn (Rs. 1,186Mn in 2022).

There are no assets pledged as at the reporting date that require disclousre in the Company.

Additions to working progress during the financial year include Car park/Car porch renovation Rs. 16Mn, Earl's Court roof renovation Rs. 7Mn and Safety net installation Rs. 5Mn.

NOTES TO THE FINANCIAL STATEMENTS

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 marketprices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent valuation was 31st December 2022. Further, there is no significant change in the fair value as at 31st March 2023. 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 based on depreciated current cost approach** 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 2022	P B Kalugalagedera & Associates Chartered Valuation Surveyor

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

Type of Asset	Fair value as at 31.12.2022 Rs.	Valuation technique	Significant unobservable inputs	Estimates for unobservable inputs	Sensitivity of fair value to unobservable inputs
Building on lease hold land	3,333,412,000	Direct capital comparison method based on depreciated current cost approach	Estimated price per square feet	Rs.9,500/- per sq. ft. Rs.5,000/- per sq. ft. Rs.7,000/- per sq. ft. Rs.600/- per sq. ft. Rs. 450/- 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 57 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	2023	2022
Cost	**2,557,933**	2,217,233
Accumulated depreciation	**(756,609)**	(703,038)
Disposals	**(26,821)**	(26,821)
Carrying value	**1,774,503**	1,487,374

Revaluation of land and buildings

The Company uses the revaluation model of measurement of buildings. The Company engaged independent expert valuers to determine the fair value of its buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location, or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation carried out was on 31st December 2022.

The valuations as of 31st December 2022 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.

	2023	2022
As at 1 April	719,432	731,836
Amortisation expense	(12,404)	(12,404)
As at 31 March	707,028	719,432

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.

15.1 Details of Rights of Use Assets

Property In Rs. '000s	Land extent (in acres)	Lease period	2023	2022
Trans Asia Hotels PLC, Colombo	A07 - R01 - P24.28	99 years from 07-08-1981	707,028	731,836

NOTES TO THE FINANCIAL STATEMENTS

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 recognised 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 capitalised 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 recognised in profit or loss.

As at 31st March	2023	2022
Balance at the beginning of the year	2,932,732	2,765,506
Net gain/(loss) from fair value remeasurement (Note 16.1)	214,301	167,226
Balance at the end of the year	3,147,033	2,932,732
Freehold property	-	-
Leasehold property	3,147,033	2,932,732
	3,147,033	2,932,732
Rental income earned	66,406	65,953
Direct operating expenses generating rental income	(8,879)	(8,579)
Direct operating expenses that did not generate rental income	-	-

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 categorised as a level 3 fair value, based on the inputs to the valuation technique used.

The Commercial Centre was revalued on 31st December 2022 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 2023.

Property	Method of Valuation	2023	2022
Leasehold property Commercial Centre (Land extent - A 01 - R02 - P30.0, Building extent - 55,548 sq.ft. - Number of Buildings 1) No. 117, 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.	3,147,033	2,932,732

Rental income earned from Investment Property by the Company amounted to Rs. 66Million (2022 - Rs. 66Million) and direct operating expenses incurred by the Company amounted to Rs. 9Million (2022 - Rs. 8Million).

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 57 years	Estimated fair value will increase/(decrease) if the capitalisation rate (increase)/decrease
		*Price per building square feet	Rs.6,000	Estimated fair value will increase/(decrease) if the price per square feet for building increase/(decrease)
		*Estimated price per land perch	Rs.16.0Mn	Estimated fair value will increase/(decrease) if the price per perch for land increase/(decrease)

The valuations as of 31st December 2022 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 recognised 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.

Amortization

Intangible assets with finite lives are amortised 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 amortised 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.

De-recognition

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

As at 31st March	2023	2022
Computer software		
Cost		
Balance at the beginning of the year	2,927	26,863
Additions	261	-
Disposal	-	(23,936)
Balance at the end of the year	3,188	2,927
Accumulated amortization		
Balance at the beginning of the year	2,518	26,174
Amortization for the year	294	280
Disposal	-	(23,936)
Balance at the end of the year	2,812	2,518
Carrying amount	376	409

18 INVENTORIES

ACCOUNTING POLICY

Inventories are measured at the lower of cost and net realisable 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	2023	2022
Food	42,162	23,193
Beverage	64,247	22,434
Engineering spares	17,092	9,695
Guest supplies	10,087	4,709
Others	17,825	9,391
Less: Provision for slow moving inventory (Note 18.1)	(1,236)	(451)
	150,177	68,971

18.1 Provision For Slow Moving Inventory

Balance at the beginning of the year	451	718
Provision/(reversal) made during the year	785	(267)
Balance at the end of the year	1,236	451

19 TRADE AND OTHER RECEIVABLES

As at 31st March	2023	2022
See Note 4(b) for the accounting policy on financial instruments		
Trade receivables	571,368	442,001
Less: Provision for impairment (Note 19.1)	(283,385)	(286,119)
	287,983	155,882
Advances and deposits	38,683	36,631
Staff loans recovered within one year (Note 29.2.3)	2,427	3,093
	41,110	39,724
	329,093	195,606

19.1 PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES

As at 31st March	2023	2022
Balance at the beginning of the year	286,119	289,365
Reversals made during the year	(2,734)	(3,246)
Balance at the end of the year	283,385	286,119

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	2023	2022
Advances to other creditors	36,187	38,752
Prepayments	12,453	25,077
Tax recoverable	13,024	13,024
VAT refunds	73,343	65,715
WHT recoverable	1,630	-
	136,637	142,568

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	2023	2022
Issued and fully paid 200,000,000 ordinary shares	1,112,880	1,112,880

22 OTHER COMPONENTS OF EQUITY

As at 31st March	2023	2022
Balance at the beginning of the year	1,524,544	1,513,315
Transferred to revenue reserve	(25,134)	(25,134)
Share based payments - (Note 24)	2,102	937
Revaluation loss on Building net of tax	154,228	35,426
Balance at the end of the year	1,655,740	1,524,544

22.1 Revaluation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

23 INTEREST-BEARING LOANS AND BORROWINGS

As at 31st March	2023	2022
See Note 4(b) for the accounting policy of financial instrument		
Balance at the beginning of the year	236,546	217,527
Cash Changes		
Loans obtained	48,000	-
Repayments	(91,713)	(69,935)
Non Cash Changes		
Accrued Interest	-	10,307
Exchange difference	21,154	78,647
At the end of the year	213,987	236,546
Repayable within one year	92,534	179,358
Repayable after one year	121,453	57,188
	213,987	236,546

Security and repayment terms Nature of facility	Interest rate	Repayment terms	Collaterals	2023 Face value	2023 Carrying Value	2022 Face value	2022 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
Term Loan (USD)	LIBOR+ Margin	To be settled within 24 months together with interest commencing from January 2023 as follows: January 2023 to December 2023 -USD 17,552 per month January 2024 to November 2024- USD 40,955 per month and December 2024- USD 40,956.77	None	213,987	213,987	-	-
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

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 and it's 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 recognised 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 employee remuneration expense resulting from the Group's share option scheme to the employees of Trans Asia Hotels PLC is recognised in the income statement of the Company. This transaction does not result in a cash outflow to the company and expense recognised is met with a corresponding equity reserve increase, thus having no impact on the statement of financial position (SOFP). 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.

Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The John Keells Group measures the cost of equity settled transactions with employees relevant to the entire Group by reference to the fair value of the equity instruments on the date at which they are granted. The same assumptions have been used by the Company as John Keells Group's Employee Share Option Scheme applies to the Company.

The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

The following information which are relevant to the John Keells Holdings PLC was used and results were generated using binomial model for ESOP.

As at 31st March	2023 Plan no 11 award 1	2022 Plan no 10 award 3	2021 Plan no 10 award 2	2020 Plan no 10 award 1	2019 Plan no 9 award 3
Dividend yield (%)	**2.90**	3.28	3.87	3.62	3.76
Expected volatility (%)	**24.15**	22.37	21.35	17.47	17.77
Risk free interest rate (%)	**23.10**	8.87	6.44	9.83	10.09
Expected life of share options (Years)	**5**	5	5	5	5
Weighted average share price at the grant date (LKR)	**119.85**	132.63	134.74	138.70	154.10
Weighted average remaining contractual life for the share options outstanding (Years)	**3**	3	3	3	3
Weighted average fair value of options granted during the year (LKR)	**39.95**	44.21	44.91	46.23	51.37
Exercise price for options outstanding at the end of the year (LKR)	**121.91**	136.64	132.86	136.97	154.10
Exercise price for options outstanding at the end of the year (LKR) (adjusted as at 31-03-2022)	**121.91**	136.34	132.86	136.97	154.14

NOTES TO THE FINANCIAL STATEMENTS

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 recognised for employee services received during the year is shown in the following table:

	2023	2022
Share-based payments expense during the year	2,102	937
Total expense arising from share-based payment transactions	**2,102**	**937**

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:

	2023		2022	
	No.	WAEP	No.	WAEP
Outstanding at 1 April	155,013	156.41	194,393	159.37
Granted during the year	47,200	137.86	51,700	136.64
Transfer In/(Out)	(51,700)	136.64	(25,236)	158.19
Lapses/forfeited during the year	(65,797)	173.25	(65,844)	148.96
Adjustment during the year	-	-	-	-
Outstanding at 31 March	84,716	145.05	155,013	159.37
Exercisable at 31 March	37,516	154.10	95,777	167.26

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.

25 EMPLOYEE BENEFITS

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 recognised 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 recognised 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 recognised under other comprehensive income.

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

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.

As at 31st March	2023	2022
Balance at the beginning of the year	132,782	146,037
Current service cost	11,166	6,687
Interest cost	11,950	11,683
Transfer in	1,986	2,356
Transfer out	(6,112)	(5,494)
Payments made during the year	(14,117)	(22,706)
Actuarial gain arising from changes in the assumptions in the previous years	(10,698)	(5,781)
Balance at the end of the year	**126,957**	132,782

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 2023.

25.1 Provision recognised in the Income Statement

For the year ended 31st March	2023	2022
Current service cost	11,166	6,687
Interest cost	11,950	11,683
Total Provision recognised in the Income Statement	**23,116**	18,370

25.2 Provision recognised in Other Comprehensive Income

For the year ended 31st March	2023	2022
Actuarial (gain)/Loss during the year	(10,698)	(5,781)
Total Provision recognised in Other Comprehensive Income	(10,698)	(5,781)
Discount rate	19.5%	9.0%
Future salary increases	15.0%	8.0%
Retirement age (as specified by the Company)	60 years	60 years

Sensitivity of assumptions used

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

	2023		2022	
	Discount rate	Salary increment	Discount rate	Salary increment
Effect on the defined benefit obligation liability				
Increase by one percentage point	(5,551)	6,509	(7,366)	8,418
Decrease by one percentage point	6,069	(6,031)	8,132	(7,753)

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	Defined Benefit Obligation	
	2023	2022
Within the next 12 months	21,925	16,073
Between 1 and 2 years	27,107	21,265
Between 2 and 5 years	32,214	28,524
Between 5 and 10 years	31,904	51,270
Beyond 10 years	13,807	15,650
Total expected payments	126,957	132,782

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.43 years .

26 TRADE AND OTHER PAYABLES

As at 31st March	2023	2022
Trade payables	146,735	92,317
Contract Liabilities	12,270	9,806
Advances and deposits received	60,166	53,969
Accruals and other payables	243,108	157,529
Staff payables	52,288	69,838
	514,567	383,459

27 OTHER CURRENT LIABILITIES

As at 31st March	2023	2022
Contract Liabilities (Banquet Advance)	76,262	120,323
Other advances	32,800	16,936
Other taxes payable	129,528	5,144
	238,590	142,403

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 2023 audited financial statements, which required additional disclosures in the 2022/23 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 2023 audited financial Statements, which required additional disclosures in the 2022/23 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.

28.1 Transactions with Related Companies

For the year ended 31st March	2023	2022
Ultimate Parent John Keells Holdings PLC		
Rendering of Services	-	2,459
Receiving of Services	(38,761)	(38,793)
Rent Received	30,926	28,693
Parent Asian Hotels and Properties PLC		
Rendering of services	-	328
Receiving of services	(7,675)	(3,838)
Transactions with Companies under common control of John Keells Holdings PLC		
Purchase of Goods	(9,226)	(56)
Rendering of services	53,433	19,648
Receiving of services	(280,322)	(157,363)
Rent Received	67,447	62,223
Equity accounted investees of John Keells Holdings PLC		
Rendering of services	6,874	1,866
Receiving of services	-	(115)
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	8,183	6,000
Key management personnel		
Rendering services	978	471

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".

NOTES TO THE FINANCIAL STATEMENTS

28.2 Amounts due From Related Parties

As at 31st March	2023	2022
See Note 4(b) for the accounting policy of financial instrument		
Ultimate parent - John Keells Holdings PLC	6,569	4,285
Parent - Asian Hotels and Properties PLC	6,669	1,461
Companies under common control of JKH PLC (28.3)	20,511	14,522
	33,749	20,268

28.3 Companies under common control of JKH PLC

As at 31st March	2023	2022
Walkers Tours Limited	5,306	2,371
Cinnamon Hotel Management Ltd	8,848	5,958
Others	6,357	6,193
	20,511	14,522

28.4 Amounts due to Related Parties

As at 31st March	2023	2022
See Note 4 (b) for the accounting policy of financial instrument		
Ultimate parent - John Keells Holdings PLC	5,416	4,512
Parent-Asian Hotels and Properties PLC	11,136	1,050
Cinnamon Hotel Management Ltd	41,068	28,902
Companies under the common control of John Keells Holdings PLC	2,791	1,866
	60,411	36,330

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.

As at 31st March	Financial Assets at amortised cost		Financial Liabilities at amortised cost	
	2023	2022	2023	2022
Financial instruments in non-current assets/(liabilities)				
Other non-current assets	6,424	2,093	-	-
Non current financial assets	14,843	15,001	-	-
Interest bearing loans and borrowings	-	-	121,453	57,188
Financial instruments in current assets/(liabilities)				
Trade and other receivables / payables	329,093	195,606	332,391	265,785
Amounts due from / due to related parties	33,749	20,268	60,411	36,330
Cash in hand and at bank	66,182	55,271	-	-
Bank overdrafts	-	-	932,674	468,303
Current portion of interest bearing borrowings	-	-	92,534	179,358
Total	450,291	288,239	1,539,463	1,006,964

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.

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 analyse these risks throughout the Company, to set appropriates 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 recognised, 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.

The Company has obtained customer deposit from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for Company's of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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 counter parties fulfil their obligations.

The Company considers a financial asset including trade and receivable in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

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).

As at 31st March 2023	Notes	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 2023								
Loans to executives	29.2.3	21,268	-	2,427	-	-	23,695	6%
Trade and other receivables	29.2.4	-	-	287,983	-	-	287,983	70%
Amounts due from related parties	29.2.5	-	-	-	-	33,749	33,749	8%
Bank balances	29.2.6	-	63,297	-	-	-	63,297	16%
Total credit risk exposure		21,268	63,297	290,410	-	33,749	408,724	100%
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%

29.2.3 Loans to executives

Loans to executive portfolio is made up of vehicle loans which are given to staff at manager level and above. The Company have obtained the necessary Power of Attorney/Promissory Notes as collateral for the loans granted.

In Rs. '000s	2023	2022
At the beginning of the year	20,187	17,750
Loans granted	14,054	19,250
Recoveries	(10,546)	(16,813)
At the end of the year	23,695	20,187
Receivable within one year (Note 19)	2,427	3,093
Non Current Financial Assets		
Receivable between one and five years	21,268	17,094
	23,695	20,187

29.2.4 Trade receivables

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

	Company	
	2023	2022
Neither past due nor impaired	15,417	22,952
Past due but not impaired		
< 30 days	154,428	71,637
31 - 60 days	113,996	32,723
61 - 90 days	11,649	21,097
91 - 120 days	6,754	6,604
121 - 180 days	4,298	7,703
> 180 days	264,826	279,285
Gross carrying value	571,368	442,001
Less: impairment provision		
Individually assessed impairment provision	(283,385)	(286,119)
Total	287,983	155,882

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 analysed 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

The Company held cash in hand and at bank of Rs. 66.1Million excluding bank overdrafts as at 31st March 2023 (2022 - Rs. 55.2Million).

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.

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 2023, the expected cash flow from trade and other receivables maturing within two months were Rs. 284Million (2022 - Rs. 162Million).

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

Company has approved overdraft facilities amounting to Rs. 821.8Million as at 31st March 2023 of which Rs. 778.2Million had been utilised as at 31st March 2023.

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.

Contractual cash flows - 2023	Carrying Amount	Total	2 Months or less	2-12 Months	1-2 Year	2-5 Year	More than 5 years
Trade payables	146,735	146,735	146,735	-	-	-	-
Staff payables	52,288	52,288	52,288	-	-	-	-
Amount due to related parties	60,411	60,411	60,411	-	-	-	-
Loans and borrowings	213,987	213,987	-	92,534	121,453	-	-

NOTES TO THE FINANCIAL STATEMENTS

Contractual cash flows - 2022	Carrying Amount	Total	2 Months or less	2-12 Months	1-2 Year	2-5 Year	More than 5 years
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	-	-

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 top's 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.

The Government of Sri Lanka offered certain relief measures including a moratorium on repayment of loans and concessionary working capital facilities for eligible industries. Company qualified for such relief measures and it helped ease the financial position further during the financial year. On 19th March 2021, the Government issued a circular extending the debt moratorium granted for tourism sector for another six months commencing 1 April 2021, which was availed by the qualifying companies.

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 optimising the return.

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 1,018,588 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.

The Sri Lankan Rupee depreciated significantly in the first two quarters of the financial year and witnessed significant volatility during certain periods of the financial year. The foreign exchange markets were largely inactive and liquid during the first half of the financial year amidst significant foreign exchange shortages and macroeconomic uncertainty. However, from the second half of the financial year, the foreign exchange liquidity improved on the back of a trade surplus given the sharp contraction of imports due to the fiscal and monetary policy measures adopted in the country and the continuation of import restrictions at the time. The Rupee appreciated during the final quarter with the improving foreign exchange liquidity situation in the country and the impending EFF from the International Monetary Fund (IMF), at the time. The John Keells Group (Group) 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 Group 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 Group was able to navigate the liquidity challenges through matching its obligations with foreign currency inflows, as far as possible and permissible, while also using the strength of the Group balance sheet to manage the situation.

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

	Increase/(decrease) in exchange rates (USD)	Effect on profit before tax Rs.000's
2023	+12.64%	15,375
	-12.64%	(15,375)
2022	+52%	30,023
	-52%	(30,023)

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. However, management monitors the sensitivities on regular basis and ensure risks are managed on a timely manner.

The Central Bank of Sri Lanka (CBSL) continued the tightening of monetary policy stance during current financial year, resulting in a sharp upward trend in the first half of the financial year, particularly with the uncertainty of a domestic debt restructuring being factored in to secondary market yields on Government Securities. The shortage of liquidity in the first half of the financial year further put pressure on market interest rates. There was a decrease in interest rates in the last three months of the financial year on account of the reduced Government debt financing requirements and improved liquidity position in the country. The John Keells Group (Group) had mitigated the risk of increasing interest rates by balancing its portfolio of borrowings and moving a sizeable portion of its Sri Lankan Rupee borrowings on a long-term basis prior to the sharp upward movement in interest rates. Similarly, where relevant and possible, a majority of the Rupee long-term facilities were on a fixed rate basis over the tenor of the loan. In respect of the Group's foreign currency borrowing portfolio, interest rate swap agreements are in place for a sizeable portion of the facilities.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax.

	Increase/(decrease) in basis points		Effect on profit before tax
	Rupee borrowings	Other currency borrowings	Rs.000's
2023	+1407	+ 451	(119,144)
	-1407	- 451	119,144
2022	+276	+ 30	(13,719)
	-276	- 30	13,719

NOTES TO THE FINANCIAL STATEMENTS

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 SEGMENTAL 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 categorised 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	
	2023	2022	2023	2022	2023	2022
Revenue from contracts with customers	3,502,619	1,751,271	66,406	65,953	3,569,025	1,817,224
Other Operating Income	979	30,377	-	-	979	30,377
Expenses	(3,468,945)	(1,880,995)	(8,879)	(8,579)	(3,477,824)	(1,889,574)
Net Finance Income/(Cost)	(198,585)	(120,315)	-	-	(198,585)	(120,315)
Net gain/(loss) from fair value remeasurement	-	-	214,301	167,226	214,301	167,226
Profit/(loss) before Taxation	(163,932)	(219,662)	271,828	224,600	107,896	4,938
Segment Assets	5,509,793	4,622,613	3,147,033	2,932,732	8,656,826	7,555,345
Segment Liabilities	2,714,600	1,665,763	-	-	2,714,600	1,665,763

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 maximise 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.

	2023	2022
Total liabilities	2,714,600	1,665,763
Less: cash and short term deposits	66,182	55,271
Adjusted net debt	2,648,418	1,610,492
Total equity	5,942,226	5,889,582
Adjusted net debt to adjusted equity ratio	45%	27%

32 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

ACCOUNTING POLICY

Provisions

Provisions are recognised 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 2023 relates to the following:

Income Tax Assessments

This pertains 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 2023 is estimated at Rs. 192.1Mn.

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. 3Mn 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.

Bank guarantees

Guarantee	Amount	Purpose
Tax appeals commission	38,941,672	Tax Appeal
Airport and Aviation Services	3,571,557	Security deposit for the rental
Sri Lanka Ports Authority	3,999,600	Security deposit for rental

33 EVENTS OCCURRING AFTER THE REPORTING DATE

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 72 for the statement of Directors’ Responsibility for Financial Reporting.

QUARTERLY FINANCIAL DATA FOR THE FINANCIAL YEAR ENDED 31ST MARCH 23

Income Statement For the Quarter ended	30 Jun '22	30 Sep '22	31 Dec '22	31 Mar '23	Total for the Year
Turnover	695,729	727,194	1,035,774	1,110,328	3,569,025
Cost of Sales	(440,451)	(465,823)	(614,705)	(551,263)	(2,072,242)
Gross Profit	255,278	261,371	421,069	559,065	1,496,783
Other operating Income	3,912	1,197	-	(4,130)	979
Administrative Expenses	(176,051)	(182,913)	(216,355)	(232,065)	(807,384)
Sales and Marketing Expenses	(41,325)	(51,758)	(50,430)	(83)	(143,596)
Other operating Expenses	(66,452)	(83,229)	(91,092)	(213,829)	(454,602)
Profit from Operating Activities	(24,638)	(55,332)	63,192	108,958	92,180
Finance Cost	(56,975)	(50,318)	(60,607)	(34,487)	(202,387)
Finance Income	585	688	1,168	1,361	3,802
Change in Fair Value of Investment Property	-	-	-	214,301	214,301
(Loss)/Profit before Taxation	(81,028)	(104,962)	3,753	290,133	107,896
Taxation	5,450	13,279	(181,689)	(42,433)	(205,393)
(Loss)/Profit after Taxation	(75,578)	(91,683)	(177,936)	247,700	(97,497)
(Loss)/ Earnings Per Share	(0.38)	(0.46)	(0.89)	1.24	(0.49)

Balance Sheet as at	30 Jun '22	30 Sep '22	31 Dec '22	31 Mar '23
Net Assets				
Property, Plant & Equipment	3,538,502	3,641,068	3,732,063	4,065,283
Other Non Current Assets	3,665,766	3,666,638	3,669,867	3,875,704
Net Current Assets	(1,037,136)	(1,033,090)	(1,125,705)	(1,144,396)
	6,167,132	6,274,616	6,276,225	6,796,591
Less : Non Current Liability	367,020	566,153	819,542	854,365
	5,800,112	5,708,463	5,456,683	5,942,226
Shareholders' Funds				
Stated Capital and revenue reserves	1,112,880	1,112,880	1,112,880	1,112,880
Other components of equity	4,687,232	4,595,583	4,343,803	4,829,346
	5,800,112	5,708,463	5,456,683	5,942,226
Net Assets Per Share	29.00	28.54	27.28	29.71

FIVE YEAR FINANCIAL SUMMARY & KEY INDICATORS

In Rs. '000s	2022/23	2021/22	2020/21	2019/20	2018/19
Revenue					
Rooms	903,875	432,563	38,058	823,571	1,333,449
Food	1,948,873	993,373	464,747	1,078,000	1,044,878
Beverages	319,325	163,491	124,447	136,032	135,822
Food & beverage others	100,878	58,142	54,926	52,558	51,675
Investment property Income	66,406	65,953	65,048	65,048	63,816
Other	229,668	103,702	63,742	173,387	195,785
Total Revenue	3,569,025	1,817,224	810,968	2,328,596	2,825,425
Direct expenses					
Rooms	277,504	135,156	83,215	212,051	291,394
Food cost	856,269	399,060	179,288	404,852	384,526
Beverage cost	108,697	54,981	44,168	44,836	44,344
Food & beverage others	744,917	444,924	328,010	433,269	418,816
Investment property cost	559	237	681	701	633
Other cost	134,676	40,381	29,516	81,192	90,889
Total direct expenses	2,122,622	1,074,739	664,878	1,176,901	1,230,602
Gross operating income	1,446,403	742,485	146,090	1,151,695	1,594,823
Other Expenses					
Administration & general	368,090	221,490	481,469	276,043	265,846
Advertising & sales	134,529	76,544	45,049	112,319	279,004
Heat, light & power	290,185	123,449	100,755	146,375	151,340
Repairs & maintenance	179,756	109,110	86,289	114,932	106,823
Operating fee	159,063	77,526	32,099	107,329	140,244
Marketing expenses	9,066	4,326	381	8,333	13,607
Total deductions	1,140,689	612,445	746,042	765,331	956,864
Gross operating profit	305,714	130,040	(599,953)	386,364	637,959
Other Income	4,781	32,235	7,446	12,237	12,817
Change in fair value of investment properties	214,301	167,226	(109,519)	162,425	166,600
	219,082	199,461	(702,026)	561,026	817,376
Finance cost	202,387	122,173	24,210	25,555	57,864
Insurance & rates	38,398	36,019	32,593	30,601	31,376
Depreciation & amortisation	176,115	166,371	187,190	200,838	203,816
	416,900	324,563	243,993	256,994	293,056
Net Profit/(Loss) before taxation	107,896	4,938	(946,019)	304,032	524,320

FIVE YEAR FINANCIAL SUMMARY & KEY INDICATORS CONTD.

In Rs. '000s	2022/23	2021/22	2020/21	2019/20	2018/19
Operating Results					
Total revenue	**3,569,025**	1,817,224	810,968	2,328,597	2,825,425
Revenue growth %	**96.40**	124.08	(65.17)	(17.58)	(11.67)
Profit/(Loss) from operating activities	**92,180**	(41,973)	(816,019)	162,504	413,980
Finance expenses	**202,387**	122,173	24,210	25,555	57,864
Rates, insurance, depreciation & amortisation	**214,511**	202,392	219,783	231,439	235,192
Net profit/(loss) before taxation	**107,896**	4,938	(946,019)	304,032	524,321
Shareholders' Funds					
Stated capital	**1,112,880**	1,112,880	1,112,880	1,112,880	1,112,880
Other components of equity	**1,655,740**	1,524,544	1,513,315	1,503,707	1,528,203
Revenue reserves	**3,173,606**	3,252,158	3,217,952	4,011,485	3,803,088
Total equity	**5,942,226**	5,889,582	5,844,147	6,628,072	6,444,171
Assets Employed					
Property, plant and equipment	**4,065,283**	3,402,994	3,425,319	3,547,493	3,588,941
Right-of-use asset	**707,028**	719,432	731,836	744,240	756,644
Investment property	**3,147,034**	2,932,732	2,765,506	2,875,025	2,712,600
Other non current assets	**21,268**	17,503	15,260	12,612	10,170
Net current assets	**(1,144,393)**	(752,113)	(660,220)	9,176	(68,720)
	6,796,220	6,320,548	6,277,701	7,188,546	6,999,635
Less					
Long term liabilities					
Employee benefits	**126,957**	132,782	146,037	137,681	141,854
Deferred tax liability	**605,954**	240,996	247,501	382,839	380,713
Loans and borrowings	**121,453**	57,188	40,016	39,954	32,897
Net assets	**5,942,226**	5,889,582	5,844,147	6,628,072	6,444,171
Key Indicators					
Current ratio Times	**0.38**	0.39	0.26	1.01	0.92
Net asset per share (Rs.)	**29.71**	29.45	29.22	33.14	32.22
Market price per share (Rs.)	**45.20**	48.20	55.90	56.30	76.40
Earnings/(Loss) per share (Rs.)	**(0.49)**	0.02	(4.09)	1.38	2.36
Statistical Summary					
Occupancy %	**39**	24	2	42	49
No. of revenue rooms occupied	**49,047**	30,790	3,123	53,282	61,714
Average room rate (Rs.)	**18,429**	14,049	12,186	15,457	21,607

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 (ARR)

Hotel room 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 (DPS)

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 expense and tax (includes other operating income). Note that EBIT includes interest income, fair value gains and losses on investment property, depreciation and amortisation, and share of results of equity accounted investees, but excludes exchange gains or losses.

EBITDA

Earnings before interest expense, tax, depreciation and amortisation (includes other operating income). Note that EBITDA includes interest income, fair value gains and losses on investment property and share of results of equity accounted investees, but excludes exchange gains or losses.

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 acknowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction.

GLOSSARY OF FINANCIAL TERMS

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.

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 (ROCE)

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 by deducting the inventories from the current assets and comparing with the 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 (ROE)

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.

RevPAR

Room revenue per available room

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty Second Annual General Meeting ("Meeting") of Trans Asia Hotels PLC will be held as a virtual meeting on 26th June 2023 at 10.30 a.m for the following purposes:

1. To read the Notice Convening the Meeting.
2. To receive and consider the Annual Report and Financial Statements of the Company for the Financial Year ended 31st March 2023 with the Report of the Auditors thereon.
3. To re-elect as a Director, Mr. M R Svensson, who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. M R Svensson is contained in the Board of Directors section of the Annual Report.
4. To re-elect as a Director, Mr. J G A Cooray, who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. J G A Cooray is contained in the Board of Directors section of the Annual Report.
5. To re-elect as a Director, Ms S Atukorale, who retires in terms of Article 90 of the Articles of Association of the Company. A brief profile of Ms S Atukorale is contained in the Board of Directors section of the Annual Report.
6. To re-elect as a Director, Mr. N L Gooneratne who is over the age of 70 years and who retires in terms of Section 210 of the Companies Act No. 7 of 2007, for which the passing of the following ordinary resolution is recommended by the Company:

   "THAT the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N L Gooneratne, who is 80 years and that he be re-elected a Director of the Company.
7. To re-appoint Auditors, Messrs. KPMG, Chartered Accountants, and to authorise the Directors to determine their remuneration.
8. To notify the shareholders regarding the Company's non-compliance of the minimum public holding requirement of the Listing Rules of the Colombo Stock Exchange.
9. To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

The Annual Report and Financial Statements of the Company will be available on the below links, once the financial statements ending 31st March 2023 are released to the stock exchange.

(1) Corporate website of the Company – https://keells.com/resource/reports/group-annual-reports/Trans-Asia-Hotels-PLC.pdf and

(2) The Colombo Stock Exchange website - https://cse.lk/pages/company-profile/company-profile.component.html?symbol=TRAN.N0000

Members may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code.

For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Mr. Ruvindra Angunawela on 0112491060 during normal office hours (8.30 a.m. to 4.30 p.m.) or email ruvindra@cinnamonhotels.com

Should Members wish to obtain a hard copy of the Annual Report, they may send a written request to the registered office of the Company or facsimile to 0115377369 by filling the request form attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days from the date of receipt of the request.

By Order of the Board,
TRANS ASIA HOTELS PLC

KEELLS CONSULTANTS (PRIVATE) LIMITED
Secretaries
Colombo
23rd May 2023

NOTICE OF MEETING

Note:

- A Member unable to attend is entitled to appoint a Proxy to attend and vote in his/her place.
- A Proxy need not be a Member of the Company.
- A Member wishing to vote by Proxy at the Meeting may use the Form of Proxy enclosed herein.
- Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy.
- In order to be valid, the completed Form of Proxy must be lodged at No 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02 or forwarded to the email address: keellsconsultants@keells.com or Fax No.011 2439037 no later than 48 hours before the Meeting.
- A vote can be taken on a show of hands or by poll. If a poll is demanded, each share is entitled to one vote. Votes can be cast in person, by Proxy or corporate representatives. In the event an individual Member and his/her Proxy holder are both present at the Meeting, only the Member's vote is counted. If the Proxy holder's appointor has indicated the manner of voting, only the appointor's indication of the manner to vote will be used.

FORM OF PROXY

I/We……………………………………………………………………………………………..……………………………………..of …………………

………..................being a member/members of Trans Asia Hotels PLC hereby appoint

……………………………………………………………..………………………………..………………………………………………….of …..…………

……………………………………………………………………………………………………….…. or failing him/her

Mr. Krishan Niraj Jayasekara Balendra	or failing him
Mr. Joseph Gihan Adisha Cooray	or failing him
Mr. Navindra Lal Gooneratne	or failing him
Mr. Harin Amendra Joseph De Silva Wijeyeratne	or failing him
Ms. Shivanthi Atukorale	or failing her
Mr. Mikael Ronald Svensson	or failing him
Mr. Suresh Rajendra	or failing him
Mr. Changa Lashantha Poojitha Gunawardane	

as my/our proxy to represent me/us and to vote on my/our behalf at the Forty Second Annual General Meeting of the Company to be held on 26th June 2023 at 10.30 a.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

I/We the undersigned hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified resolutions as indicated by the letter "X" in the appropriate cage:

		FOR	AGAINST
1.	To re-elect as a Director, Mr. M R Svensson who retires in terms of Article 83 of the Articles of Association of the Company		
2.	To re-elect as a Director, Mr. J G A Cooray who retires in terms of Article 83 of the Articles of Association of the Company		
3.	To re-elect as a Director, Ms. S. Atukorale. who retires in terms of Article 90 of the Articles of Association of the Company		
4.	To re–elect as a Director, Mr. N L Gooneratne who is over the age of 70 years and who retires in terms of Section 210 of the Companies Act No. 7 of 2007		
5.	To re-appoint the Auditors, KPMG, Chartered Accountants, and to Authorise the Directors to determine their remuneration		

Signed on this ……………………… day of …………….. Two Thousand and Twenty-Three

…………………………………

Signature/s of shareholder/s

Note: INSTRUCTIONS AS TO COMPLETION OF PROXY FORM ARE NOTED ON THE REVERSE.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at No 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02 or forwarded to the email address: keellsconsultants@keells.com or Fax No.011 2439037, no later than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the appointor is a Company or Corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the Company or Corporation in accordance with its Articles of Association or Constitution.
5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting

Please fill in the following details:

Name : ………………………………………………………………………………………………

Address : ………………………………………………………………………………………………

………………………………………………………………………………………………

………………………………………………………………………………………………

Jointly with: ………………………………………………………………………………………………

Share Folio No./CDS account no.: ………………………………………………………………………………

National Identity Card No./………………………………………………………………………………………

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 : +94 (0)11 2491 000

Fax : +94 (0)11 2449 184

E-mail : lakeside@cinnamonhotels.com

Website : https://www.cinnamonhotels.com/cinnamonlakesidecolombo

Board of Directors
Mr. Krishan Niraj Jayasekara Balendra -Chairperson

Mr. Joseph Gihan Adisha Cooray

Ms. Shivanthi Adikari Atukorale (Appointed w.e.f. 22nd June 2022)

Mr. Navindra Lal Gooneratne

Mr. Mikael Ronald Svensson

Mr. Suresh Rajendra

Mr. Changa Lashantha Poojitha Gunawardane

Mr. Harin Amendra De Silva Wijeyeratne

Audit committee
Mr. H A J de S Wijeyeratne (Chairperson)

Mr. S Rajendra

Ms. S A Atukorale (Appointed w.e.f. 22nd June 2022)

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
Citi Bank 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

Company related information requirements.
Shareholders can contact Keells Consultants (Private) Limited on 011-2306245 for any Company related information requirements.

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Trans Asia Hotels PLC