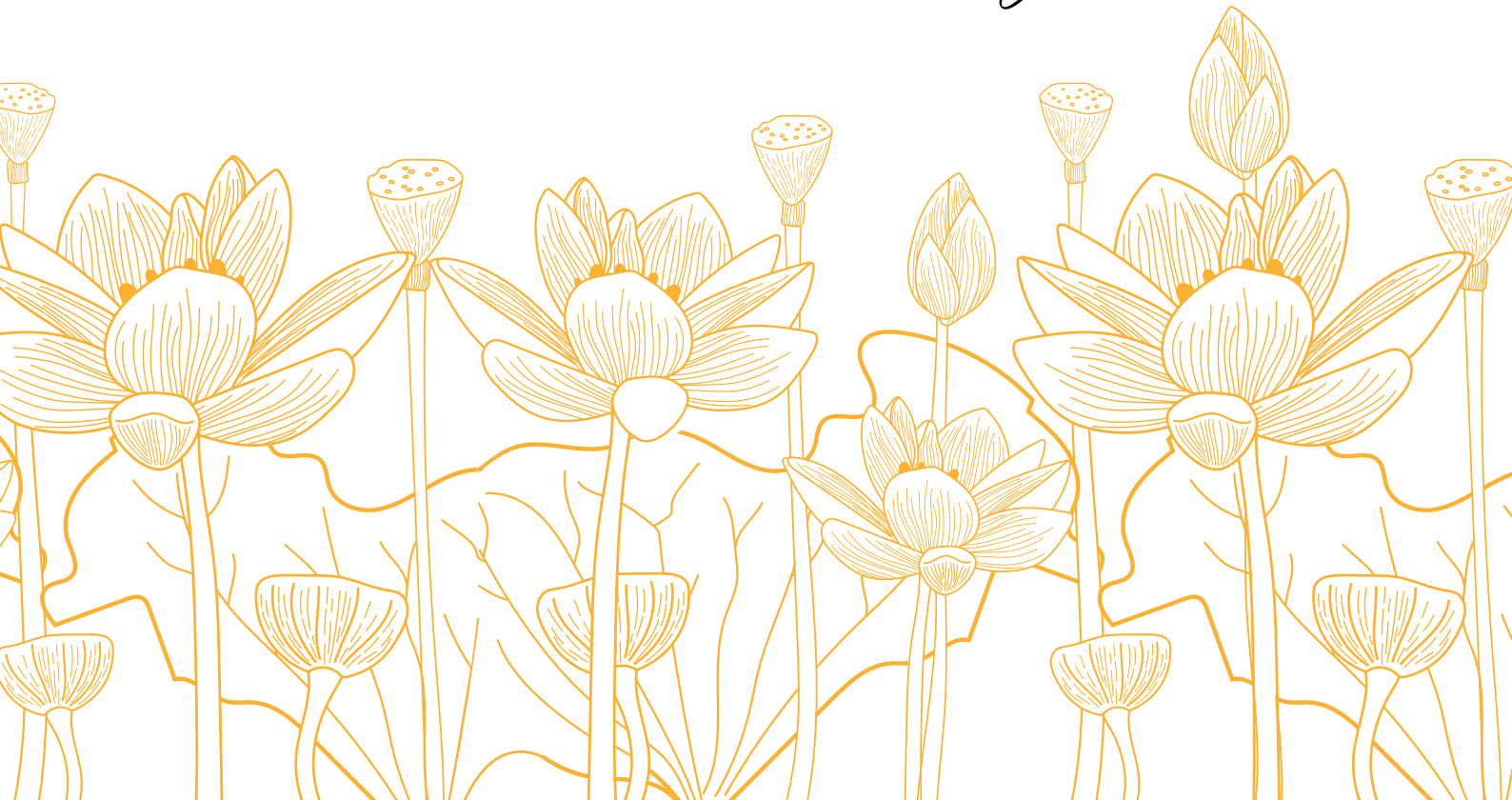




Annual Report 2019/2020

# *Poetic Journeys*





AMAYA

LEISURE PLC

ஊழலெர் வெலா!

**WELCOME!**

**நல்வரவு!**

## ***AMAYA RESORTS & SPAS***

Feel the aura of the most extraordinary Luxury Hotels in Sri Lanka,  
discovering a glorious world of palm fringed beaches, comforting greenery of tea plantations,  
mist capped mountain ranges and the allure of golden sandy private beaches of Maldives islands.

Scattered in the most scenic and historic locations,  
providing easy access to breathtaking pleasures of nature,  
our Resorts extend outstanding hospitality with a touch of cultural elegance while promoting  
the unique concept of

**"Amaya"**

Non-Illusive

Where serenity & adventure meet

# ***Table of Contents***

## ***Management Information***

Vision, Mission & Values	04
Amaya at a Glance	06
Message from the Chairman and the Managing Director	12
Board of Directors	17
Our Hotels	21
Corporate Social Responsibility	27
Annual Report of the Board of Directors on the Affairs of the Company	30
Corporate Governance	34
Internal Control and Risk Management Process	46
Financial Calender	48
Interim Financial Highlights	49

## ***Financial Information***

Statement of Directors' Responsibility for the Financial Reporting	50
Responsibility Statement of Chairman, Managing Director and Chief Financial Officer	51
Report of Audit Committee	52
Related Party Transaction Review Committee Report	54
Independent Auditor's Report	56
Statement of Profit or Loss	60
Statement of Comprehensive Income	61
Statement of Financial Position	62
Statement of Changes in Equity	63
Cash Flow Statement	65
Accounting Policies	67
Notes to the Financial Statements	82
Sector Review	117
Statement of Value Creations	118
Share and Investor Information	119
First Twenty Shareholders	120
Share Trading Information	121
Ten Year Summary	122
Glossary of Financial Terms	124
Notice of Meeting (AGM)	126
Form of Proxy (AGM)	127

# ***Vision***

To be the number one choice for  
holidaymakers in Sri Lanka

# ***Mission***

To provide our guests good value  
for money so as to surpass their  
expectations whilst ensuring a  
good return to shareholders and  
inspiration to employees

# ***Values***

Amaya hotels maintain the following values:

## ***Outstanding Service***

Delivering a superior service, offering an unforgettable quality of service to our guests

## ***High Performance***

Fulfilling all that we promise to all stakeholders of our business including guests, shareholders and employees

## ***Perpetual Integrity***

Being honest and transparent in our transactions with guests, associates and within the communities in which we operate

## ***Unflagging Passion***

Doing things with zeal which sets us over and above all others - this is the "Amaya Way"

## ***Improvement***

Innovating and utilizing best practices with a view to continually improving the quality of our products and services to the satisfaction of all

## A Snapshot of Our Operations

### Total Revenue

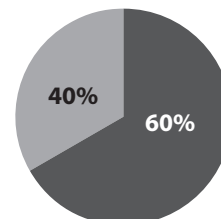
**LKR 1,226m (-25.4%)**

2019 LKR 1,644 m

### Scope of Our Business

We are widely focusing on our brand while operating our own hotels and managing hotels on behalf of third-party hotel owners

### Where Amaya Operates Brand's Revenue over Geography



### Profit before Interest and Taxes

**LKR (111) m (-126.62%)**

2019 LKR 417 m

### Total hotel Rooms in the pipeline

**439**

### Profit before Tax

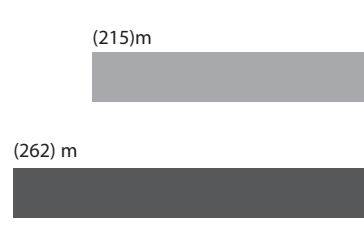
**LKR (252) m (-193.33%)**

2019 LKR 270 m

### Total hotel Rooms owned by Amaya Leisure PLC

**362**

### Brand's Loss Before Tax



### Total Room Revenue of the Group

**LKR 572 m (-31.9%)**

2019 LKR 840 m

### Managing hotel Rooms

**77**

### Underlying Average Room Rate

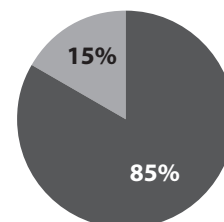
**LKR 8,692**

2019 LKR 11,059

### Number of branded Icons

**9**

### Number of Room Nights



### Room Revenue per Available Room (RevPar)

**LKR 4,333 (-29.54%)**

2019 LKR 6,150

### Owned Icons by Amaya Leisure PLC

**6**

■ Sri Lanka ■ Maldives

# Group Financial and Operational Highlights 2019/2020

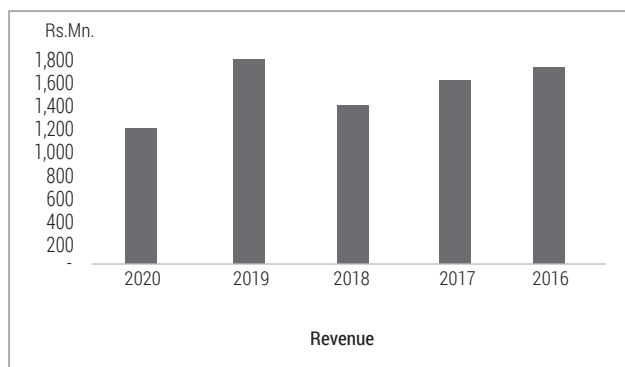
		2020	2019	Change %
<b>Earnings Highlights and Ratios</b>				
Revenue from contract with customers	Rs. 000	1,225,951	1,643,863	(25.42)
Results from operating activities	Rs. 000	(114,279)	408,072	(128.00)
Profit before tax	Rs. 000	(252,362)	270,449	(193.31)
Profit after tax	Rs. 000	(266,361)	235,232	(213.23)
Profit attributable to owners of the parent	Rs. 000	(168,578)	299,697	(156.25)
Dividends	Rs. 000	-	290,618	(100.00)
Gross profit margin	%	42.88	56.55	(24.18)
Net profit margin	%	(9.32)	24.82	(137.56)
Earnings per share (Basic/Diluted)	Rs.	(21.73)	14.31	(251.83)
Return on Assets (ROA)	%	(6.74)	5.55	(221.50)
Return on Equity (ROE)	%	(4.70)	4.03	(216.47)
Return on Capital Employed (ROCE)	%	(0.02)	0.08	(128.45)
Interest cover	No: of Times	0.58	2.97	(80.57)
<b>Financial Position Highlights and Ratios</b>				
Total Assets	Rs. 000	5,668,512	5,830,305	(2.78)
Total Equity	Rs.000	1,568,828	1,354,460	15.83
Total Debts	Rs. 000	3,508,764	3,698,373	(5.13)
Equity attributable to equity holders of the parent	Rs. 000	30.76	26.14	17.67
Gearing	%	44.43	35.40	25.52
Debt/Equity	%	62.29	65.63	(5.09)
Equity Asset Ratio	%	64.98	68.49	(5.13)
Net Assets value per share	Rs.	0.58	0.71	(17.16)
Current ratio	No: of Times	0.55	0.67	(18.51)
Quick asset ratio	No: of Times	53,994,979	53,994,979	-
No: of shares in issue	No:	53,994,979	51,876,976	4.08
<b>Market/Shareholders information</b>				
Market value per share (Closing)	Rs.	25.00	37.20	(32.80)
Dividend per share	Rs.	-	5.50	(100.00)
Market Capitalisation	Rs. 000	1,349,874	2,008,613	(32.80)
Price earning ratio	No: of Times	(3.71)	6.70	(155.31)
Dividend yield ratio	%	-	14.78	(100.00)
Dividend payout ratio	%	-	99.09	(100.00)
Dividend Cover	No: of Times	-	30.53	(100.00)
<b>Others</b>				
Economic Value Generated	Rs. 000	765,341	1,322,833	(42.14)
Economic Value Distributed	Rs. 000	587,607	855,059	(31.28)
Government	Rs. 000	33,119	56,432	(41.31)
Employees	Rs. 000	484,045	391,697	23.58
Shareholders	Rs. 000	-	299,697	(100.00)
To Lenders of Capital	Rs. 000	70,442	107,232	(34.31)
Employees on payroll	No:	709	746	(4.96)
Value added per employee	Rs. 000	1,079	1,773	(39.12)
Average revenue per employee	Rs. 000	1,729	2,204	(21.53)



# Financial Highlights Graphical Analysis

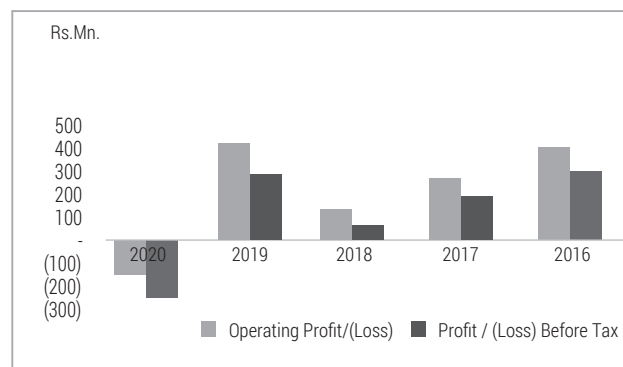
## Revenue

The group achieved Rs. 1.2 Billion revenue for the year under review with a narrow decrease compared to year 2019 though it was a disastrous mainly due to the Easter Attack and COVID 19 Impact. several improved strategies used in for cost management. (Refer the Managing Director's review)



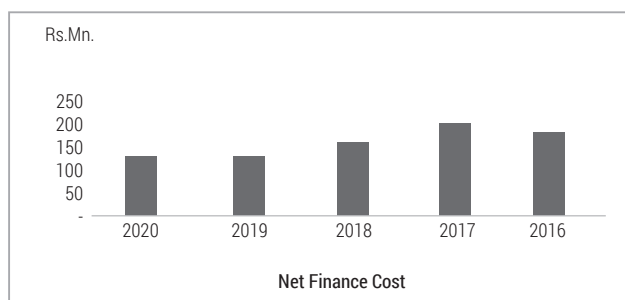
## Operating Profit

Impact to the revenue for the year was directly affected the group's profit as the group compelled to reduced the selling rates in order to increase occupancy after the catastrophic first two months



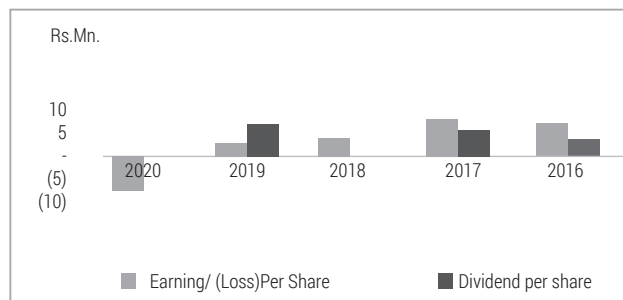
## Net Finance Cost

Net finance cost remained same compared to year 2019 as the increased finance cost is supported by the expanded investment and interest income



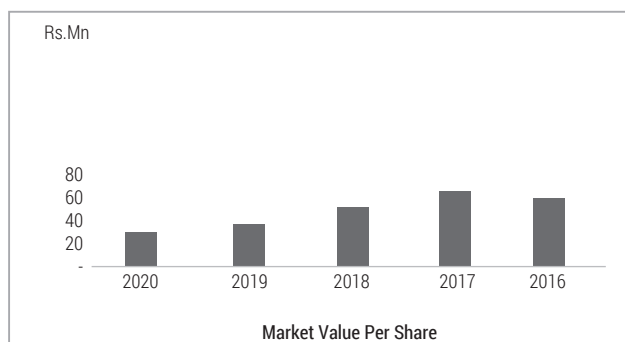
## Earnings Per Share / Dividend Per Share

The unhealthy top line of the operation had hurt EPS by 475% compared to year 2019. Company has not paid any dividend during the year to retain the earning under the view of overcoming the local and global pandemics



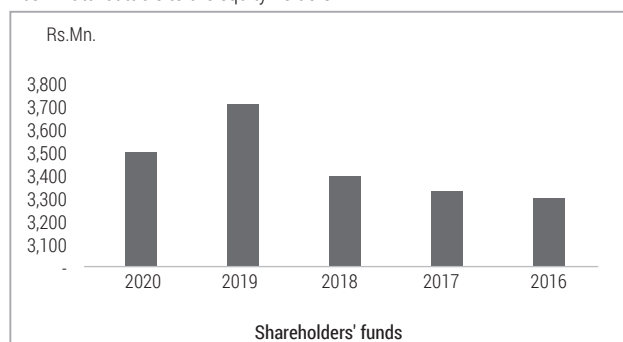
## Market Value Per Share

Amaya's Market value per share as of 31.03.2020 was Rs. 25.00 compared to the last year Rs . 37.20.



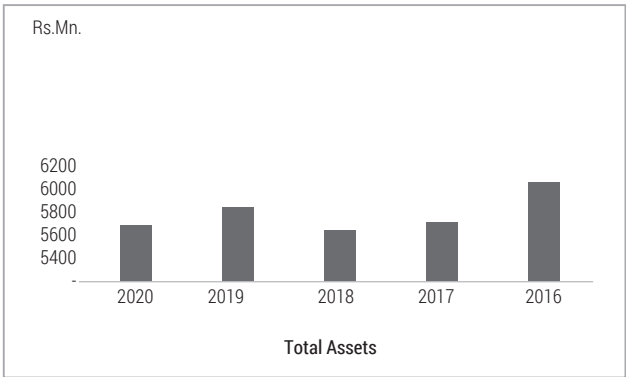
## Shareholders' Funds

The company had to apply brake to the continuous increment that it presented to the shareholders, as this year the financial year ended with a loss of Rs. 169Mn attributable to the equity holders

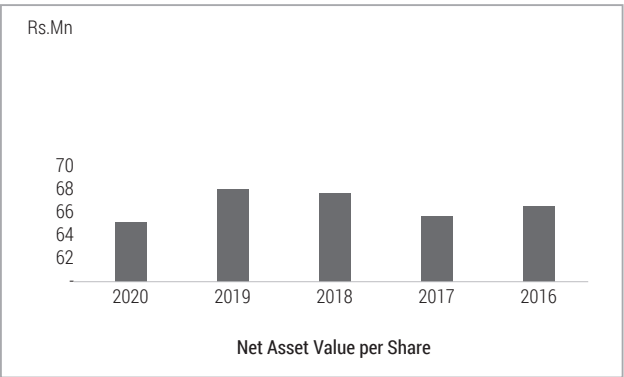


Total Assets and Net Assets Value per share both has significantly decreased during this financial year taking the blow of operational decline

**Total Assets**

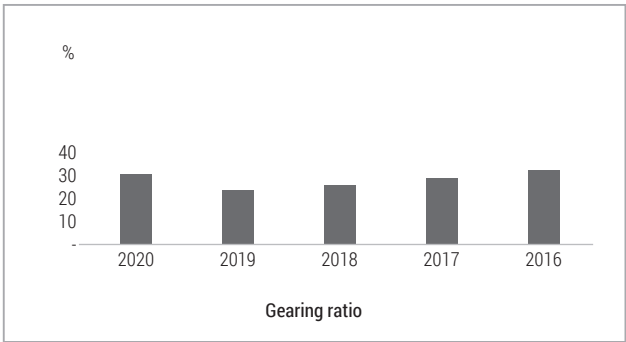


**Net Assets Value Per Share**



**Gearing Ratio**

First time in the recent past, the company's gearing position has increased by 18% due to the increased net borrowings by Rs.214Mn.





***Message from the Chairman  
and the  
Managing Director***

# Chairman's Message

## Dear Shareholder,

I am pleased to present you the Annual Report and the Audited Financial Statements of Amaya Leisure PLC for the year ended 31st March 2020.

## Overview of the Financial Year

The year had dual shocks in store for the travel and tourism industry, beginning with the Easter Sunday terror attacks that took place in April 2019 and ending with the devastating COVID-19 global pandemic from the fourth quarter of the financial year. Global travel and tourism is one of the hardest hit industries by the COVID-19 crisis. However, tourism in the post-pandemic era remains promising and we are determined to prevail in these difficult times and emerge stronger as a true Sri Lankan hospitality brand.

## Impact of terrorism and COVID-19

Following the Easter bombings of 2019, tourist arrivals to Sri Lanka experienced a sharp decline in comparison to 2018. The government undertook multiple measures to provide much needed assistance in the aftermath of the terror attacks. The Sri Lanka Tourism Promotion Bureau (SLTPB) implemented an aggressive promotional campaign, which was supplemented by a digital advertising campaign and a television campaign in collaboration with global news giant, CNN.

Sri Lanka bounced back earlier than expected and was well on our way to achieving pre-incident levels when the COVID-19 global pandemic deflected this recovery. Extensive measures taken locally to control the spread of COVID-19 contributed to a significant decrease in tourist arrivals since March 2020. As at the time of writing, Sri Lanka is preparing to reopen its borders for tourists in August 2020.

## Our Response

When new security threats arose following the Easter attacks, your Group was quick to respond by strengthening security features and improving the readiness of hotel employees to deal with an emergency. This enabled our resorts to win the confidence of stakeholders.

The group acquired new guidance under the stewardship of Mr Rohan Karr, whose leadership was instrumental in giving direction to the resort chain, enabling them to be nimble and innovative in their response to the crises faced as it navigated a difficult year.

## Performance

Similar to its peers, the Amaya Group has also seen a negative impact on overall profitability. The turbulent operating environment of the year saw the Amaya Group recording a significant decline in revenue to Rs.1,226 Mn from Rs.1,644 Mn which was achieved during the previous financial year. The Group recorded a loss of Rs. 266 Mn against a net profit of Rs. 235 Mn in the previous year.

## The Way Forward

COVID-19 poses extensive challenges to the local and global tourism sectors, given its sweeping impact on the world and the resultant containment measures. However, governments around the world have since opened its borders and are in the process of lifting restrictions while simultaneously managing the spread of COVID-19.

The industry too needs to respond to this ever changing environment with the adoption of best practices. The health and safety of our guests and employees is a key priority and we have strengthened our processes in line with recommendations made by local and international bodies such as The World Health Organization (WHO), The Ministry of Health and Indigenous Medical Services Sri Lanka and the Sri Lanka Tourism Development Authority (SLTDA).

As a truly Sri Lankan hospitality brand, we will focus mainly on a local market strategy to generate revenue. The Group's resorts has experienced significant financial difficulties during the first half of the year; however we have evaluated the impact on the business and taken steps to implement cost minimization strategies in order to sustain our business while providing value to the industry as well as our stakeholders.



I remain positive about the prospects of Amaya Leisure PLC and believe that this current situation while very serious in its impact, is only a temporary setback. I am confident that Sri Lanka and the tourism industry in general will bounce back by the 3<sup>rd</sup> / 4<sup>th</sup> quarter of the financial year 2020/21 as arrivals pick up pace.

### **Acknowledgements**

I take this opportunity to thank my colleagues on the Board for their guidance during these challenging times.

I offer my sincere gratitude to Mr. Darell De Cruz & Mr. Dinesh Silva who retired at the start of the financial year in review after serving as Directors of Amaya Leisure PLC.

I would also like to extend a special note of appreciation to Mr. L.T Samarawickrama who stepped down as the Managing Director of Amaya Leisure PLC.

Furthermore, I warmly welcome Mr. Rohan Karr who took over the reigns as the new Managing Director of Amaya Leisure PLC during the year under review.

My heartfelt appreciation goes to the staff for their unwavering dedication to the Amaya family as it withstood a challenging year.

We await a better future and look forward to welcoming our guests once again to our delightful properties.



**Mohan Pandithage**  
**Chairman**

15<sup>th</sup> June 2020

# Managing Director's Review

The financial year 2019/20 has been one of unprecedented challenges for Amaya Leisure PLC, one that began with Sri Lanka's tourism trajectory taking a sharp dive with the Easter Terror Attacks and ended with the entire global tourism industry facing the fallout of the COVID-19 pandemic.

The horrific events of Easter Sunday dealt a severe blow to Sri Lanka's tourism industry, with three City hotels being among the terrorists' targets. The suicide attacks, coming at a time when tourism was on a positive course, left the industry facing the prospect of rebuilding the island's image as a safe destination. In these trying circumstances, I am proud to note that our collective efforts have ensured that the Amaya brand and its reputation have remained secure.

The slowdown in tourist arrivals affected both the formal and informal sectors of the industry which faced lower occupancy and depressed room revenues. As a chain of resorts, Amaya continued to face significant competition during the post-easter recovery phase as resort operators sought to arrest room occupancies with reduced room rates.

## Growth Strategy

Our growth strategy was centered on building stronger networks in our key source markets. In addition, we took stock of our cost profile and made necessary adjustments to improve our financial situation through sensible cost management measures. The resorts increased seasonal occupancy levels by offering a host of guest benefits and delivering on our promise of exemplary service. Our initiatives and decisions have borne fruit and has been well received by guests.

As a group, we have also used the opportunity of the industry slowdown during the year to strengthen ourselves internally. We have invested in the training and development of our staff in order to upgrade their hospitality skills. This has included in depth training in customer service, leadership and teamwork, grooming and etiquette and food preparation and presentation.

## The Way Forward

We go into the new financial year facing the wide ranging socioeconomic impacts of COVID-19. The nature of the pandemic makes it virtually impossible to accurately determine its full impact. At the time of writing this review, Sri Lanka has eased its lockdown, contained community spread and the tourism sector has resumed operations for local tourism. International tourists will be welcomed back from August 2020 under strict health and safety measures.

Your Group has drawn up a well-considered set of strategies for the various scenarios envisaged over the year. These take into consideration the importance of ensuring the health and safety of employees and guests, while reinventing our offerings so that guests may continue to enjoy the signature Amaya hospitality.

Our resorts have already implemented a series of measures to counter the spread of COVID-19. Procedures have been laid down in line with the recommendations of The World Health Organization (WHO), The Ministry of Health and Indigenous Medical Services Sri Lanka, The Sri Lanka Tourism Development Authority (SLTDA) and industry best practices. These include enhanced sanitation, social distancing, use of Personal Protective Equipment (PPE), heightened food safety measures and regular staff training as part of a multipronged approach to protect guests and ensure peace of mind for all stakeholders.

Although the year under review has been a challenging one, the combined efforts of Amaya Resorts & Spas to recover and return to a state of normalcy following the events of April 2019 have been heartwarming. It was unfortunate that the emergence of COVID-19 adversely affected an already battered tourism industry. Despite these challenges, Amaya remains unwavering in its commitment to provide unmatched service excellence to its guests as it channels the true meaning of hospitality to deliver its best services, safely.

## **Acknowledgements**

I take this opportunity to thank my dedicated team that has worked relentlessly through many challenges, especially when operations were hardest hit.

I wish to express my sincere appreciation to the Chairman and Board of Directors for their valuable guidance and support extended at all times.

I extend my profound gratitude to all our stakeholders who have placed their trust in us and supported the Group during this very challenging year.

A handwritten signature in black ink, appearing to be 'Rohan Karr', written over a faint circular stamp or watermark.

**Rohan Karr**  
**Managing Director**

15<sup>th</sup> June 2020





## ***Board of Directors***

# Board of Directors

## Mr. A. M. Pandithage

### Chairman and Chief Executive

Joined the Hayleys Group in 1969. Appointed to the Board in 2011. Chairman and Chief Executive of Hayleys PLC since July 2009.

Fellow of the Chartered Institute of Logistics & Transport (UK). Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents. Recipient of the Best Shipping Personality Award by the Institute of Chartered Shipbrokers; Leadership Excellence Recognition - the Institute of Chartered Accountants of Sri Lanka; Honored with Lifetime Achievement Award at the Seatrade - Sri Lanka Ports, Trade and Logistics; Lifetime Award for the Most Outstanding Logistics and Transport Personality of the Year - Chartered Institute of Logistics & Transport.

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## Mr. Chandra J. Wickramasinghe

### Deputy Chairman

Mr. Chandra J. Wickramasinghe counts over 37 years of experience in the leisure industry. He is the Founder Chairman of Connaissance de Ceylan (Pvt) Ltd, Maalu Maalu Resorts & Spa, Aliya Resort & Spa, Ayurvie Weligama, Ayurvie Sigiriya, Tea & Experience Factory, Mountbatten Bungalow, Scottish Planter Glendevon Bungalow, Wild Glamping Knuckles, Theme Resorts & Spas and CDC Events and Travels.

He is also the Founder President of Alliance Francaise de Kotte. He is a Past President of the Travel Agents Association of Sri Lanka (TAASL) and a Past President of the Sri Lanka Association of Inbound Tour Operators (SLAITO). He is a former Board Member of The Sri Lanka Tourism Promotion Bureau (SLTPB) & The Sri Lanka Tourism Development Authority (SLTDA).

Mr. Wickramasinghe has been given the Honorary distinction of Officier de l'Ordre National du Mérite, by the French Government for his dedication, expertise and commitment in developing the strong relationship between France and Sri Lanka in the year 2017.

Mr. Wickramasinghe was awarded Silver in the National Entrepreneurs category in 1999, by the Federation of the Chamber of Commerce & Industry (FCCISL) & in 2018 he was awarded the Tourism Legend Award at the 6th Sri Lanka Tourism Awards.

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## Mr. Rohan J. Karunarajah

### Managing Director

Joined the Board on 1st June 2019. He also serves as Managing Director of the Hayleys Leisure sector including The Kingsbury PLC and as a Director of Hayleys PLC.

Mr. Karunarajah holds a Masters in Hospitality and Business Studies from the UK, and is a veteran in the hospitality industry with 35 years' experience in Executive Vice President / General Manager Positions in leading hotels in Sri Lanka and London. He has served as Regional Director of Revenue Management of Marriott Hotels for Whitbread Hotel Company, England, as General Manager of Bristol Marriott Hotel, England and Marriott Marble Arch, London before his return to Sri Lanka.

He was instrumental in revitalizing standards for the entire domestic hospitality sector through his ground-breaking work as Executive Vice President of John Keels Holdings overlooking Cinnamon City Hotels and Resorts chain and as head of Brand development.

**Mr. L. T. Samarawickrama**  
**Director**

Mr. Samarawickrama is an internationally qualified Hotelier having gained most of his Management experience in UK, working for large international hotel chains over a long period of time. The first Sri Lankan Manager to be appointed by the Beaufort International Chain of Hotels to run the first seaside boutique resort.

He is a member of the Institute of Hospitality, UK (formerly HCIMA) and of the Royal Society of Health, London. He has several years of experience in the trade, having specialized in Hotel designs and development, he has been responsible for the careful planning and execution of Amaya Resorts & Spas refurbishment and rehabilitation programmes.

He is the former Head of Leisure sector at Hayleys PLC and the Managing Director of Amaya Leisure PLC, The Kingsbury PLC, Sun Tan Beach Resorts Limited and the Deputy Chairman of The Fortress Resort PLC.

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**Mr. Dhammika Perera**  
**Director**

Mr. Dhammika Perera is a quintessential strategist and a business leader with interests in a variety of key industries including manufacturing, banking and finance, leisure, plantations and hydro power generation. He has over 30 years of experience in building formidable businesses through unmatched strategic foresight and extensive governance experience gained through membership of the Boards of quoted and un-quoted companies.

Mr. Perera is the Chairman of Vallibel One PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, The Fortress Resort PLC, Vallibel Power Erathna PLC, Greener Water Limited, Uni-Dil Packaging Limited, Delmege Limited, and LB Microfinance Myanmar Company Limited. He is the Co-Chairman of Hayleys PLC, The Kingsbury PLC and Singer (Sri Lanka) PLC. Executive Deputy Chairman of LB Finance PLC, Deputy Chairman of Horana Plantations PLC. He is also an Executive Director of Vallibel Finance PLC and serves on the Boards of Haycarb PLC, Hayleys Fabric PLC and Dipped Products PLC.

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**Mr. S. J. Wijesinghe**  
**Director**

Mr. Wijesinghe was an employee of Hayleys Group from 2008 to 2019. During this period, he was appointed to the Group Management Committee in 2011. Currently serves as a Non-Executive Director of Hayleys Aviation & Projects (Pvt) Ltd, The Kingsbury PLC, S&T Interiors (Pvt) Ltd, Unisyst Engineering PLC, Summer Season Limited and Greener Water (Pvt) Limited. He is also the former Chairman of Litro Gas Lanka Limited and former Director of Sri Lankan Airlines Limited and Sri Lankan Catering Limited. Mr. Wijesinghe holds an MBA from the University of Leicester (UK) and is a Member of the Chartered Institute of Marketing (UK). Holds over 33 years' experience in the Aviation industry. Prior to joining Hayleys, held several senior positions at Sri Lankan Airlines including management positions in Europe, Middle East, the Far East and the Head Office in Colombo and was also a member of the Group Senior Management Team of the Airline. Possesses over 5 years' senior management experience in the Hospitality industry.



## **Board of Directors** *Contd...*

### **Mr. S. Senaratne**

#### **Director**

Mr. Suranimala Senaratne counts over 40 years' experience in the tourism and leisure industry. He has a wealth of experience behind him having held the position of Managing Director of Connaissance Group of Companies from 1987 to 2008.

In 2008, he took over the management of Yathra Travels (Pvt) Ltd as the Chairman/ Managing Director. He is also the Chairman of Blackpool Holdings (Pvt) Ltd.

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### **Mr. Harsha Amarasekera P.C.**

#### **Director**

Mr. Amarasekera, President Counsel was appointed to the Board of Amaya Leisure PLC on 28th February 2005. He has a wide practice in the Original Courts as well as in the Appellate Courts, specializing in Commercial and Business Law, Securities, Banking and Intellectual Property Law.

He also serves as an Independent Director in several leading listed companies in the Colombo Stock Exchange including CIC Holdings PLC (Chairman), Swisstek (Ceylon) PLC (Chairman), Swisstek Aluminium Limited (Chairman), Vallibel Erathna PLC (Deputy Chairman), Vallibel One PLC, Expo Lanka Holdings PLC, Royal Ceramics Lanka PLC, Chevron Lubricants Lanka PLC and Ambeon Capital PLC. He is also the Chairman of CIC Agri Business (Private) Limited.

### **Ms. Warini De Costa**

#### **Director**

Mrs. de Costa was appointed as a Non Executive Director and as the Chairman of the Board Audit Committee of Amaya Leisure PLC in July 2014. She counts over 30 years of experience in finance & management, 21 years of which has been with Glaxo Wellcome Ceylon Ltd where she served as a Board Director, Company Secretary and CFO. She also served as the Director Finance of Cinnamon Grand and Cinnamon Lakeside hotels.

Mrs. de Costa is a Fellow of the Institute of Chartered Accountants of Sri Lanka & the Society of Certified Management Accountants Sri Lanka and holds an MBA from the Postgraduate Institute of Management University of Sri Jayewardenepura .

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### **Ms. R. N. Ponnambalam**

#### **Director**

Ms. Ponnambalam has held several Senior Management positions in large Private Sector entities. She has served as a Director of McLarens Holdings Limited & GAC Shipping Ltd. She currently serves as a Director of The Kingsbury PLC, McBolon Polymer (Pvt) Ltd, Macbertan Holdings (Pvt) Ltd and Pidilite Lanka (Pvt) Ltd.

She is presently the Chairperson of Alliance Finance Co. PLC and Managing Director of Macbertan (Pvt) Ltd.

She has also been in roles of International and Local Business Development and negotiation. She currently serves as a Board Member / Jt. Secretary of Women's Chamber of Industry and Commerce.

## ***Our Hotels***

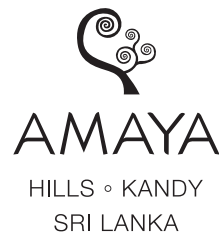
## Our Hotels



### Amaya Lake

Nestled on the shores of Lake Kandalama, Amaya Lake welcomes you to a calm and peaceful stay in the heart of Sri Lanka's Cultural Triangle. Amaya Lake is surrounded by verdant trees with the cool breeze snaking throughout the property, offering a serene getaway amidst nature unique to Dambulla hotels, Sri Lanka. With a seamless blend of untouched nature and authentic Sri Lankan culture and modern conveniences, we ensure that our guests are refreshed during their stay with us – in mind, body and soul. Experience the rustic charm of lakeside living, cycle along gravel paths through the hotel and explore Amaya Lake's lush grounds, before feasting on an authentic Sri Lankan meal at one of the most unforgettable Sigiriya hotels.

Embark on a luxurious journey nestled amidst the lush greens and soothing breeze at Amaya Lake, home to best Dambulla accommodation. We welcome you to a glorious haven of tranquility provided by our beautifully designed rooms and suite. Located by the Kandalama Lake and with vast grounds, Amaya Lake is the epitome of peace and serenity among Dambulla hotels in Sri Lanka. All of our 101 rooms, which are individual chalets, will guarantee the privacy and harmony that you so desire, help wash away the stresses of life and teach you the true meaning of relaxing. The rooms blend modern luxury with an authentic Sri Lankan touch to offer our guests an unparalleled experience as they embark on a relaxing getaway. Let the gentle breeze and the sway of the green leaves take you on a soothing journey during your ultimate holiday.



### Amaya Hills

Drawing regal splendour and monarchical charms from an era of the kings and queens of this ancient kingdom, Amaya Hills Kandy sets the benchmark for stunning hotels in Kandy with breathtaking, verdant views of the surrounding mountains and the city. Experience a unique, royal treatment high up in the mountains at Amaya Hills.

Come home to luxurious and lavish spaces where modern décor complement the unique features of the Kandyan culture. Surround yourself with sweeping views of the Heerassagala Hills while observing exquisite wood carvings; elements that are part and parcel of each of our 100 rooms. Enjoy luxurious living at one of the most sought-after Kandy hotels where stays are meant to be intimate yet inspiring.



## Amaya Beach

Located on the dreamy shores of the Indian Ocean, Amaya Beach sets the gold standard for the Pasikudah hotels located near the iconic Pasikudah bay. This beach haven offers a glorious space for some rest and relaxation surrounded by luxuries. Feel yourself unwind as you gaze into the blue waters of the sea in absolute serenity, or take a leisurely stroll through our expansive grounds. Allow yourself a minute to sink your toes into the bed of golden sands or wade into the shallow, tranquil waters to escape the island's heat. A visit to the Dutch Fort in Batticaloa will enlighten you about the history of this quaint beach town.

Being one of the most picturesque Pasikudah beach hotels, Amaya Beach is much more than a luxury destination. It brings an unforgettable world that you will not be able to resist, offering you a choice of how you would like your stay to feel, by selecting your room out of 125 rooms to suit your needs. Be it with your loved one, family or friends, it will be a magical experience, too wonderful for words. Choose your Pasikudah accommodation with a view of the crystal blue Pasikudah Bay capturing the essence of the ocean or under the shade of coconut trees and indulge in complete privacy and seclusion. Each room and suite has its own unique charm and elegance and offer premium amenities as well as an array of services for guests in search of a luxurious getaway.



## Amaya Signature

A holiday haven nestled under the shade of towering trees and located on the edge of Kandalama Lake awaits you at Amaya Signature, Dambulla. Find the highest class and splendour in the heart of the Sri Lanka's cultural triangle during your stay with us at Amaya Signature, one of the most preferred luxury hotels in Sigiriya area. We offer spacious and comfortable accommodation with high-end amenities, giving careful attention to even the most minute of details. Experience complete privacy and solitude while being shrouded in nature's warmth at Amaya Signature, where nature and luxury blend together seamlessly, setting us a cut above the rest of the hotels in Dambulla, Sri Lanka.

Step into a world of paradisaical wonder. Bask in rustic elegance as birdsong drifts through a wide open balcony. Enjoy a warm cup of aromatic tea as the soft evening sun winks through a gently swaying forest canopy. Let velvet moonlight tuck you in as your plush bedroom brings you untroubled sleep and sweet dreams. Learn the true meaning of tranquility and unity with nature, during your stay with us at the premier option among Dambulla boutique hotels.



## ***Our Hotels*** *Contd...*



### **Amaya Bungalow**

Escape to the mountains of Kandy and retreat to the comfortable, private spaces of Amaya Bungalow. Cuddle up in nature's warm embrace while our attentive staff pamper you with riches from the ancient kingdom. Offering magnificent views of the hills, welcome to one of the most scenic bungalows in Sri Lanka.

Residing on a hill wrapped in a blanket of trees, The Bungalow's luxury rooms blend in perfect harmony with its undisturbed environment. The chaos and noise of the rest of the world doesn't reach you here in this blissful hillside sanctuary. The only sounds you hear are from leaves rustling in reply to the wind's whispered secrets and birds singing to each other about the day's adventures. Our Kandy bungalows are the quintessence of freedom and tranquil country living; in short, utopia.



### **Amaya Langdale**

Surrounded by beautiful green fields of tea, Amaya Langdale – Nuwara Eliya offers an intimate getaway to pamper and spoil yourself as you overlook breath-taking views of tea valleys, misty mountains and serene blue skies. Treat yourself to a well-deserved break and relax in infinite comfort at one of the most charming luxury bungalows in Nuwara Eliya, with 13 lavish and unique rooms to select from.

Be it for an intimate getaway or simply be pampered & spoilt, the ultimate comforts you seek for a well-deserved break in one of the most luxurious holiday bungalows in Sri Lanka, starts from the moment you step into one of our 13 Luxurious Rooms. Choose from our Deluxe or Premium accommodation that are located on the ground and first floor. Select Premium Rooms give spectacular views of endless verdant green tea valleys and misty mountains.



## The Oliphant

Spectacularly placed within tea gardens and mountains, The Oliphant Nuwara Eliya details the impressive features of a rustic English bungalow whilst catering to the needs the modern travellers. Nestled in Sri Lanka's highest elevated village, Shanthipura, the bungalow is your home in the countryside.

Spend your days at The Oliphant tucked away in your own luxurious colonial-style living space resembling the resplendent chambers of a sprawling country manor. Our seven well-appointed Luxury Rooms not only feature spacious king size four-poster beds and large windows overlooking scenic landscapes but also modern amenities including cable television and Wi-Fi. Emanating the splendour of an age gone by, our elegant guestrooms are tailor-made for a relaxing vacation in the hills.



## Amuna Ayurveda Retreat

Immerse yourself in traditional and ancient ayurveda treatment in Sri Lanka that will revitalize your mind, body and soul. Embark on your wellness journey with traditional Ayurvedic treatments from ancient Sri Lanka at Amuna Ayurveda Retreat Sri Lanka.

"AMUNA" carries the concept of providing a holistic and authentic Sri Lankan traditional herbal experience to ensure a relaxed and unforgettable healthy holiday. Ayurvedic traditional medicine is a major part of Sri Lankan culture.

## ***Our Hotels*** *Contd...*



### **Amaya Kuda Rah**

Enter an island sanctuary where the ocean beckons you to come live & love at one of the finest Maldives luxury resorts. Dive into an underwater world at the nearby Kuda Rah Thila, celebrate romance on a sunset cruise & find inner bliss at our spa; come experience a genuine heartfelt welcome at Amaya Kuda Rah, Maldives.

Surrounded by turquoise waters, feel the beauty of Maldives seep through every inch of our accommodation, as you unwind in surreal tranquillity at Amaya Kuda Rah, one of the stunning Maldives 5-star resorts on the Indian Ocean. Our spacious villas and suites are thoughtfully designed to offer you sublime delight throughout your stay. Sunbathe on wooden decks; luxuriate in your private plunge pool or retreat to the comforts of your room for some well-deserved rest.

## ***Corporate Social Responsibility***

# Corporate Social Responsibility

Each resort under the Amaya Resorts & Spas brand has its own CSR Projects that it takes care of. From weekly alms givings to the temples and Sunday schools, to giving essential school needs to help families who cannot afford to send their children to school and look after their daily needs to helping out hospitals with donations whenever needed to improving the living standards of surrounding areas and much more. Each project is thought of carefully and each team member is given a great responsibility to make sure everything is done smoothly and fulfills the needs of the community.

A summary of Core CSR activities carried out by the group during the year is given below;

Resort	Category	Program Description	No of beneficiaries
Amaya Lake Dambulla	Religious	Donation for Temple Reconstruction	1 area
	Religious	Meal provision to Monastery for Poson Festival	150 people
	Educational	Trophy sponsorship on Sports Meet	1 event
	Educational	Providing uniforms to area's school volleyball and baseball teams	67 students
	Society	Welfare activities in the village	150 people
	Society	Empowering life savers work within the Kandalama reservoir	40 People
Amaya Beach Pasikudah	Children & women	Donation on area's Wesak festival	1 event
	Culture & Other	Donation for Temple events	1 event
	Culture & Other	Meal provision to Temple on needy children	130 people
Amaya Hills Kandy	Educational	Meal provision to less privileged schools of the area	230 Students
	Society	Promoting welfare activities in the village	2 Km <sup>2</sup>
	Children & women	Donation of Schooling Needs (Schools and Sunday Schools)	150 students
	Society	Empowering area's local sports clubs	45 Players
	Religious	Meal provision to Monasteries	100 People

## ***Intergrated Information***

# Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Amaya Leisure PLC present their report together with the audited Financial Statements of the Company and of the Group for the year ended 31st March 2020.

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best accounting practices.

## PRINCIPAL ACTIVITIES

The Principal activities of the Company and its subsidiaries included in the consolidation consist of the following:

- Operators of star class hotels, providing services for management research and development of the hotel chain of the group.
- Servicing the MICE (Meetings, Incentives, Conferences and Exhibition) market.
- Promoting and providing facilities relating to Eco-tourism

## BUSINESS REVIEW

The Chairman's Message and the Managing Director's Review of operations give a fair analysis of the operations of the company during the financial year ended 31st March 2020 and its future prospects.

## PERFORMANCE AND APPROPRIATIONS

The company's performance and financial position including that of its subsidiaries for the year ended 31st March 2020 is summarized in the Statements of group financial and operational highlights 2019/20 on page 7.

## STATED CAPITAL

In accordance with Section 58 of the Companies Act No. 07 of 2007, Share Capital and Share Premium were classified as Stated Capital. The Stated Capital of the Company as at 31st March 2020 was Rs. 909,370,707/55 comprising 53,994,979 Ordinary Shares (31.03.2019: Rs. 909,370,707/55 comprising 53,994,979 Ordinary Shares).

## RESERVES

Details of reserves of the Company are shown in Note 27 to the Financial Statements

## CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of Property, Plant and Equipment during the year amounted to Rs. 88 Mn (2019 - Rs. 75 Mn) details of which are given in Note 16 to the Financial Statements

## PROPERTY, PLANT AND EQUIPMENT

Information relating to the movement in Property, Plant and Equipment is given in Note 16 to the Financial Statements.

## DIRECTORATE

Directors of the Company as at 31st March 2020

Mr. A.M. Pandithage  
Mr. R.J. Karunaratne \*  
Mr. C.J. Wickramasinghe \*  
Mr. L.T. Samarawickrama \*  
Mr. S. Senaratne \*  
Mr. Dhammika Perera \*  
Mr. S.H. Amarasekera \*\*  
Ms. R.N. Ponnambalam \*\*  
Mr. S.J. Wijesinghe \*  
Ms. W.D. De Costa \*\*  
Ms. A.A.K. Amarasinghe (Alternate Director to Mr. Dhammika Perera)

\* Non-Executive Directors

\*\* Independent Non- Executive Directors

Mr. D.J. De Cruz who served as an Executive Director resigned with effect from 31st May 2019 and Mr. D.E. Silva who also served as an Executive Director resigned with effect from 01st July 2019.

Mr. R.J. Karunaratne was appointed to the Board as an Executive Director/ Managing Director on 01st June 2019 (In terms of Article No. 27(2), the Shareholders elected Mr. R.J. Karunaratne as a Director at the previous Annual General Meeting). Accordingly, Mr. L.T. Samarawickrama relinquish his position as the Managing Director from the same day and remains as a Non-Executive Director of the Company.

In terms of Article No. 29 (1) of the Articles of Association of the Company, Mr. L.T. Samarawickrama and Mr. S.J. Wijesinghe retire by rotation and being eligible offer themselves for re-election.

Notice has been given pursuant to Section 211 of the Companies Act No. 07 of 2007 of the intention to propose as an ordinary resolution for the re-appointment of Mr. S. Senaratne notwithstanding the age limit of seventy years stipulated by Section 210 of the Companies Act.



## DIRECTORS' SHAREHOLDING

**Directors' interests in shares:** Directors of the Company and its Subsidiaries who have relevant interests in the shares of the respective Companies have disclosed their shareholdings and any acquisitions/ disposals to their Boards, in compliance with Section 200 of the Companies Act.

Details of Directors' shareholdings as follows:

Director	No of Shares	
	31.03.2020	01.04.2019
MR. A.M. PANDITHAGE	NIL	NIL
MR. R.J. KARUNARAJAH (APPOINTED ON 01ST JUNE 2019)	NIL	NIL
MR. W.A.D.C.J. WICKRAMASINGHE	1,606,336	1,606,336
- MR. L.T. SAMARAWICKRAMA* - DFCC BANK PLC/ MR. L.T. SAMARAWICKRAMA - 4,968,643 - MR. L.T. SAMARAWICKRAMA - 67,445	5,036,088	5,036,088
MR. S. SENARATNE	203,771	203,771
MR. DHAMMIKA PERERA**	503,211	503,211
- MR. S.H. AMARASEKERA (JT.) - MR. B.M. AMARASEKERA & MR. S.H. AMARASEKERA - 13,915 - HSBC/B.M. AMARASEKARA & S.H. AMARASEKARA - 9,541	23,456	23,456
MR. D.E. SILVA (RESIGNED W.E.F. 01ST JULY 2019)	93,538	93,538
MS. R.N. PONNAMBALAM	NIL	NIL
MS. W.D. DE COSTA	NIL	NIL
MR. S.J. WIJESINGHE	NIL	NIL
MR. D.J. DE CRUSZ (RESIGNED W.E.F. 31ST MAY 2019)	NIL	NIL

\* Mr. L.T. Samarawickrama has the controlling interest in Elles (Pvt) Ltd., which holds 382,650 (0.71%) shares in the Company.

\*\*Mr. Dhammika Perera holds directly and indirectly 51.01% of the total issued shares of Hayleys PLC which holds 21,769,457 (40.32%) shares in the Company.

The Company maintains an interest register and the details of the entries regard to the Directors shares are as follows:

Mr. L.T. Samarawickrama, a Non-Executive Director of the Company has the controlling interest in Elles (Pvt) Ltd., which purchased 1,278 ordinary shares of the Company during the year.

## RELATED PARTY TRANSACTIONS

The Board of Directors has given the following statement in respect of the related party transactions.

The related party transactions of the Company during the financial year have been re-viewed by the Related Party Transactions Re-view Committee of Hayleys PLC, the parent Company of Amaya Leisure PLC and are in compliance with Section 09 of the CSE Listing Rules.

The Committee met Four (04) times during the financial year 2019/2020.

## ATTENDANCE

Meetings held on 15th May 2019, 05th August 2019, 05th November 2019 and 10th February 2020.

Dr. H. Cabral**	4/4
Mr. S.C. Ganegoda*	4/4
Mr. M.Y.A. Perera**	4/4

\* Executive      \*\* Independent Non-Executive

## SHAREHOLDERS DISTRIBUTION

The distribution of Shareholders is indicated on page 119 in the Annual Report. There were 1,618 registered Shareholders as at 31st March 2020.

## SHAREHOLDING INFORMATION

Information relating to major shareholders of the Company as at 31st March 2020 are given on page 120.

## CHANGES IN FIXED ASSETS

The movement in fixed assets during the year is set out in Note 16 to the Accounts.

## MARKET VALUE OF THE COMPANY'S ORDINARY SHARES

The Market Value of the Company's Ordinary Share as at 31st March 2020 was Rs. 25.00 compared to Rs. 37.20 as at 31st March 2019 as per official valuation of the Colombo Stock Exchange.



# Annual Report of the Board of Directors on the Affairs of the Company *Contd...*

## INVESTMENTS

Details of investments held by the Company and by the Group are given in Note 20 and 21 to the Financial Statements.

## POST BALANCE SHEET EVENTS

Events occurring after the reporting date are given in the note 34 to the Financial Statements.

## DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS

**Directors' interests in transactions:** The Directors of the Company and its Subsidiaries have made the general disclosures provided for in Section 192(2) of the Companies Act No. 07 of 2007. Note 33 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

Name of the Related Party	Name of the Director	Relationship	Details	Balance Outstanding as at 31.03.2020
Culture Club Resorts (Pvt) Ltd	A. M. Pandithage	Director	A Sum of Rs. 1,200,000/- was charged as Management Fee	(270,966,742)
	R. J. Karunarahaj	Director	A Sum of Rs. 28,664,637/- was charged as Sales Commission	
	L. T Samarawickrama	Director	A sum of Rs. 3,639,932/- was paid on Expenses Incurred by the Company	
	C.J Wickramasinghe	Director	A sum of Rs. 13,320,754/- was incurred as Settlement of Liabilities by the Company	
	S. Senarathne	Director	A Sum of Rs. 67,292,725/- collected as Receipts	
	S. J Wijesinghe	Director	A Sum of Rs. 82,593,562/- Made as Fund Transfers	
Kandyan Resorts (Pvt) Ltd	A. M. Pandithage	Director	A Sum of Rs. 1,200,000/- was charged as Management Fee	(363,019,759)
	R. J. Karunarahaj	Director	A Sum of Rs. 33,280,191/- was charged as Sales Commission	
	L. T Samarawickrama	Director	A sum of Rs. 2,095,477/- was paid on Expenses Incurred by the Company	
	C.J Wickramasinghe	Director	A sum of Rs. 1,578,626/- was incurred as Settlement of Liabilities by the Company	
	S. Senarathne	Director	A Sum of Rs. 52,863,930/- collected as Receipts	
	S. J Wijesinghe	Director	A Sum of Rs. 139,573,012/- Made as Fund Transfers	
Sun Tan Beach Resorts Ltd	A. M. Pandithage	Director	A sum of Rs. 1,167,650/- was paid on Expenses Incurred by the Company	173,333,087
	R. J. Karunarahaj	Director	A sum of Rs. 31,960,864/- was incurred as Settlement of Liabilities by the Company	
	L. T Samarawickrama	Director	A Sum of Rs. 62,000,000/- Made as Fund Transfers	
Hayleys PLC	A. M. Pandithage	Director	A sum of Rs. 121,616,240/- was charged as Service Fee and Other Reimbursements	(89,935,599)
	Dhammika Perera	Director	A sum of Rs. 43,788,449/- was paid as Settlement of Liabilities	
	R. J. Karunarahaj	Director		
The Kingsbury PLC	A. M. Pandithage	Director	A sum of Rs. 30,565,613/- was charged as Sales Commission	32,436,907
	Dhammika Perera	Director	A sum of Rs. 3,988,760/- was charged on Purchase of Goods	
	R. J. Karunarahaj	Director	A sum of Rs. 1,597,056/- was paid as Settlement of Liabilities	
	R.N Ponnambalam	Director	A Sum of Rs. 4,717,252/- was received as Settlement of Liabilities	
	S. J Wijesinghe	Director		
Singer (Sri Lanka) PLC	A. M. Pandithage	Director	A sum of Rs. 1,806,538/- was charged on Purchase of Goods	-
	Dhammika Perera	Director	A sum of Rs. 1,952,285/- was paid as Settlement of Liabilities	

## DIRECTORS' REMUNERATION

Directors' Remuneration in respect of the Company is disclosed under Note No. 33

## INSURANCE & INDEMNITY

The ultimate Parent of the Company, Hayleys PLC has obtained a Directors & Officers liability insurance from Orient Insurance Ltd., providing worldwide cover to indemnify all past, present and future Directors & Officers (D & O) of the Group. The limit on liability of the cover is USD 5.0 million per annum at a premium of Rs. 9.2 million.

## DONATIONS

No donations were made for the year ended 31st March 2020.

## ACCOUNTING POLICIES

The Accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 68 to 81 in the Annual Report. The Accounting Policies adopted are consistent with those of the previous Financial Year.

## AUDITORS

The Auditors, Messrs Ernst & Young, Chartered Accountants, were paid Rs. 2,950,000/- (2018/2019: Rs. 2,869,560/-) as audit fees by the Group. In addition, they were paid Rs. 1,170,459/- (2018/2019: Rs. 1,499,094/-) by the Group for non-audit related work.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest with the Company.

Messrs Ernst & Young, Chartered Accountants, are deemed re-appointed, in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company.

A Resolution proposing the Directors be authorized to determine their remuneration will be submitted at the Annual General Meeting.

## GOING CONCERN

The Directors, after making necessary inquiries and reviews including reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Conference Room of Hayleys PLC, No.400, Deans Road, Colombo 10, Sri Lanka, on Thursday, 23rd July 2020 at 2.00 p.m. The Notice of the Annual General Meeting appears on page 126.

For and on behalf of the Board,



A.M. Pandithage  
Chairman



Hayleys Group Services (Private) Limited  
Secretaries

400, Deans Road,  
Colombo 10.

15<sup>th</sup> June 2020.



R.J. Karunaratna  
Managing Director

# Corporate Governance

- Companies Act No. 7 of 2007
- The Listing Rules of the Colombo Stock Exchange (CSE)
- The recommendations of the Code of Best Practice on Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka (Joint Code) to the extent that they are practicable.

Amaya Leisure PLC, through a process of continuous review, is committed to maintaining the highest standards of business integrity, ethical values and professionalism in all of its activities and relationships, nurturing the trust placed in it by all its stakeholders by greater value creation, year-on-year.

This philosophy has been ingrained at all levels in the Hotels of the Group through a strong set of corporate values and a code of conduct which staff at all levels and the Board of Directors are required to follow in the performance of their official duties and in circumstances that are publicly profiled. These values are reinforced through the Group's recognition schemes which insist, as a minimum, that all nominees have modeled the values.

## Code of Conduct

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

The Group believes that the core values that underlie its corporate activities are the main source of its competitive advantage which is rewarded by the trust placed in it by stakeholders.

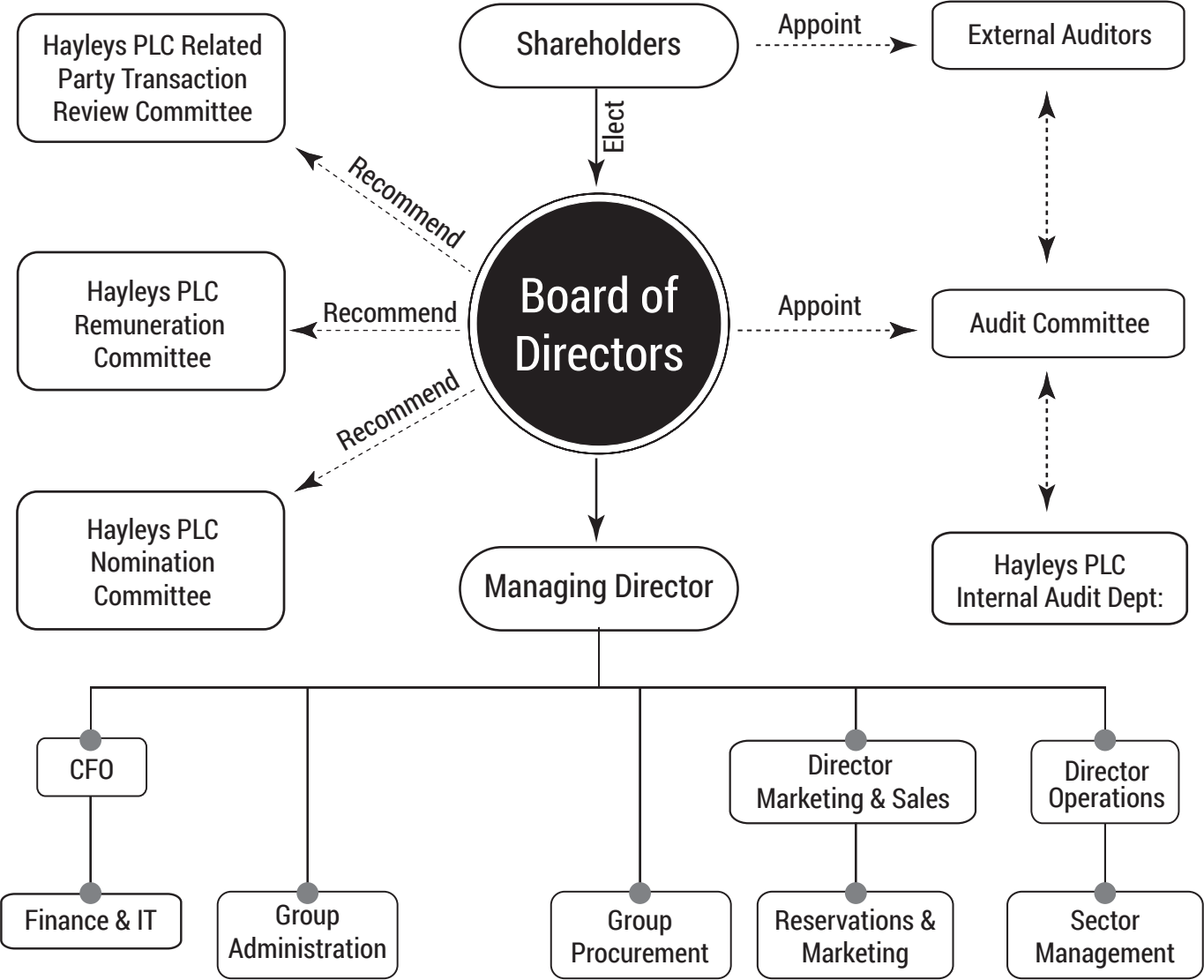
The Chairman of the Board affirms that there has not been any material violation of any of the provisions of the code of conduct. In instances where violations did take place, they were investigated and handled through well established procedures.

## Board Meetings and Attendance

The Board of Amaya Leisure PLC met once every quarter. Ad hoc meetings are held as and when necessary. The Director's attendance is shown in the table below.

Name of Director	Meetings Attended
A. M. Pandithage	4/4
R. J. Karunarahaj (Appointed on 01/06/2019)	3/3
L. T. Samarawickrama	3/4
C. J. Wickramasinghe	4/4
S. Senaratne	3/4
Dhammika Perera	-
S. J. Wijesinghe	2/4
S. H. Amarasekera	-
R. N. Ponnambalam	3/4
W. D De Costa	4/4
D. E. Silva (Resigned w.e.f 01/07/2019)	1/1
D. J. De Cruz (Resigned w.e.f 31/05/2019)	1/1
A. A. K. Amarasinghe (Alternate to Mr. Dhammika Perera)	3/4

# Governance Structure



## Corporate Governance Contd...

SECTION 1: CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA (SEC) AND THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (CASL)				
Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2019/20
A. DIRECTORS				
A.1 THE BOARD				
The Company is headed by an effective Board of Directors with local and international experience. The Board of Directors of the Company consists of professionals in the fields of Accounting, Management, Law, Economics, Marketing and Business Leaders. All Directors possess the skills and experience and knowledge complemented with a high sense of integrity and independent judgment. The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company. The Board's composition reflects a sound balance of independence and anchors Shareholder commitment. Profiles of Directors are given on pages 18 to 20.				
1.	Board Meetings	A.1.1	Complied	The Board usually meets at quarterly intervals, but also meets more frequently when needed. The Board met 4 times during the year under review. Scheduled Board meetings were arranged well in advance, and all Directors were expected to attend each meeting. Any instances of non-attendance of Board meetings were generally related to prior business, personal commitments or illness. The attendance at Board meetings held is set out on page 34.
2.	Board Responsibilities	A.1.2	Complied	The Board is responsible to the Shareholders for creating and delivering long-term sustainable Shareholder value through the business. The Board ensures the formulation and implementation of a sound business strategy. The Board has put in place a Corporate Management team with the required skills, experience and knowledge necessary to implement the business strategy of the Company. The Board also ensures effective systems are in place to secure integrity of information, internal controls and risk management. The Board ensures that the Company's values and standards are set with an emphasis on adopting appropriate accounting policies and fostering compliance with financial regulation.
3.	Compliance with Laws and access to independent professional advice	A.1.3	Complied	The Board collectively, and Directors individually must act in accordance with the laws as applicable to the Company. The Company had complied with all applicable laws and regulations during the year. A procedure has been put in place for Directors to seek independent professional advice in furtherance of their duties, at the Company's expense. This will be coordinated through the Company or the Board Secretary when requested.
4.	Company Board	A.1.4	Complied	All Directors have access to the advice and services of the Company Secretary as required. The Company Secretary keeps the Board informed of new laws and revisions, and regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.
5.	Independent judgment	A.1.5	Complied	All Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.
6.	Dedication of adequate time and effort by the Board and Board Committees	A.1.6	Complied	All Directors of the Company dedicate adequate time and effort to fulfill their duties as Directors of the Company (both before and after the Board Meetings), in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2019/20
<b>A.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)</b>				
There should be a clear division of responsibilities between the Chairman and Chief Executive Officer in order to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decision-making. The roles of the Chairman and Chief Executive Officer function separately in the Company. The Chairman's main responsibility is to lead, direct and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Managing Director, who performs the role of the Chief Executive Officer, is responsible for the day-to-day operations of the Company.				
7.	Division of responsibilities of the Chairman and Managing Director (CEO)	A.2	Complied	The positions and functions of the Chairman and the Managing Director have been separated; the role of the Managing Director is to manage the day-to-day running of the Company. The Board has delegated this responsibility to the Managing Director and he then leads the Corporate Management team in making and executing operational decisions. The Managing Director is also responsible for recommending strategy to the Board.
<b>A.3 CHAIRMAN'S ROLE</b>				
The Chairman leads and manages the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully preserves order and facilitates the effective discharge of the Board functions. The profile of the Chairman is given on page 18.				
8.	Role of the Chairman	A.3.1	Complied	The Chairman is as an outstanding business leader, provides leadership to the Board, controls and preserves order at Board meeting and provides the Board with strategic direction and guidance in managing the affairs of the Company. The Chairman is also responsible for: <ul style="list-style-type: none"> <li>Ensuring the new Board members are given an appropriate induction, covering terms of appointment,</li> <li>The effective participation of both Executive and Non- Executive Directors;</li> <li>All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company;</li> <li>A balance of power between Executive and Non-Executive Directors is maintained;</li> <li>The views of Directors on issues under consideration are ascertained;</li> </ul>
<b>A.4 FINANCIAL ACUMEN</b>				
The Code requires that the Board comprises of members with sufficient financial acumen and knowledge in order to offer guidance on matters on finance. The Board of the Company has met the above requirement as the Chairperson of the Audit Committee is a qualified Accountant having professional qualifications and equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.				
9.	Financial acumen and knowledge	A.4	Complied	The Board comprises one Chartered Accountant (CA Sri Lanka) who serves as Chairperson of the Audit Committee. This Director add substantial value and independent judgment on the decision-making of the Board on matters concerning finance and investment.
<b>A.5 BOARD BALANCE</b>				
The Code requires that a balance is maintained between the Executive and Non- Executive Directors (NEDs) so that no individual or a small group of individual Directors are able to dominate the Board's decision-making. The Board consists of Two (02) Executive Directors and Eight (8) Non-Executive Directors. Each of them brings to the Board, wide experience and the ability to exercise independence and judgment when taking informed decisions.				
10.	Presence of Non- Executive Directors	A.5.1	Complied	Eight (8) of the Ten (10) Directors are Non-Executive Directors, which is well above the minimum number prescribed by this Code.

## Corporate Governance Contd...

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2019/20
11.	Criteria to evaluate Independence of Non-Executive Directors	A.5.3	Complied	Refer Section A 5.5 below. The Board considers Non- Executive Director's independence on an annual basis. For a Director to be deemed 'independent', such a Director should be independent of management and free of any business or any other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
12.	Signed declaration of independence by the Non-Executive Directors	A.5.4	Complied	Every Non-Executive Director of the Company has made a written submission as to their independence against the specified criteria.
13.	Determination of independence of the Board	A.5.5	Complied	<p>The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence as a fair representation and will continue to evaluate their independence on this basis annually. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code.</p> <p>Independent Non-Executive Directors are:</p> <ul style="list-style-type: none"> <li>• Mr. S. H. Amarasekara</li> <li>• Ms. R. N. Ponnambalam</li> <li>• Ms. W. D. De Costa</li> </ul> <p>The Board believes the independency of Mr. S.H. Amarasekera is not compromised by being a Board member for more than nine years.</p> <p>The Board believes the independency of Ms. R. N. Ponnambalam is not compromised by being a Board member of The Kingsbury PLC in which a majority of the other Directors of the Company are also Directors.</p>
14.	Alternate Directors	A.5.6	Complied	<p>One alternate Director has been appointed by one non- executive Director and she is not an Executive of the Company.</p> <ul style="list-style-type: none"> <li>• Ms. A. A. K. Amarasinghe</li> </ul>
<b>A.6 SUPPLY OF INFORMATION</b>				
Management should provide time-bound information in a format that is appropriate and enables the Board to discharge its duties. Financial and non-financial information is analysed and presented to the Board to make informed and accurate decisions.				
15.	Obligation of the Management to provide appropriate and timely information to the Board	A.6.1	Complied	The Board was provided with timely and appropriate information by the management by way of Board papers and proposals. The Board sought additional information as and when necessary. The Chairman also ensured all Directors were properly briefed on issues arising at Board meetings.
16.	Adequate time for effective Board meetings	A.6.2	Complied	The minutes, agenda and papers required for Board meeting are provided in advance to facilitate its effective conduct.
<b>A.7 APPOINTMENTS TO THE BOARD</b>				
The Code requires having a formal and transparent procedure in place for the appointment of new Directors to the Board.				
17.	Nomination Committee	A.7.1 A.7.2	Complied	<p>The Nomination Committee of the parent Company, Hayleys PLC, acts as the Nomination Committee for the Company and makes recommendations to the Board on all new Board appointments.</p> <p>The Nomination committee of Hayleys PLC consists of following members:</p> <ul style="list-style-type: none"> <li>• A.M. Pandithage - Chairman*</li> <li>• Dhammika Perera**</li> <li>• Dr. H. Cabral, PC***</li> </ul> <p>* Executive Director ** Non-Executive Director *** Independent Non-Executive Director</p> <p>The Board annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.</p>

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2019/20
18.	Disclosure of New appointments	A.7.3	Complied	A brief resume of the Directors, nature of his/her experience and names of the companies he/she holds the directorship and the independency is informed to the Colombo Stock Exchange and disclosed in the Annual Report on Pages 18 to 20.
<b>A.9 APPRAISAL OF BOARD PERFORMANCE</b>				
The Board should periodically appraise its own performance against the present targets in order to ensure that the Board responsibilities are satisfactorily discharged.				
19.	Annual performance evaluation of the Board and its Committees	A.9.1 & 9.2	Complied	The Chairman and Remuneration Committee evaluate the performance of the Executive Directors periodically. The Board undertakes an annual self-evaluation of its own performance and of its Committees. The Board evaluated its performance and effectiveness in the current year.
<b>A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS</b>				
Details in respect of each Director should be disclosed in the Annual Report for the benefit of the Shareholders.				
20.	Details in respect of Directors	A.10.1	Complied	The following details pertaining to each Director are disclosed as follows: (a) Brief profile with expertise and experience – page 18 to 20 (b) Directors' Interest in Contracts - Page 32 (c) Detail of Board Meetings held during the year page 34
<b>A.11 APPRAISAL OF MANAGING DIRECTOR ( CEO)</b>				
The Board of Directors should annually assess the performance of the Managing Director who performs the role of the Chief Executive Officer.				
21.	Targets for Managing Director	A.11.1	Complied	Prior to the commencement of each financial year, the Board sets reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of the Company, achievement of which should be ensured by the Managing Director.
22.	Evaluation of the performance of the Managing Director	A.11.2	Complied	The performance is evaluated by the Board at each Board meeting and the overall evaluation at the end of each fiscal year in order to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.
<b>B. DIRECTORS' REMUNERATION</b>				
<b>B.1 REMUNERATION PROCEDURE</b>				
This principle ensures that the Company has a well-established, formal and transparent procedure in place for developing an effective remuneration policy for both Executive and Non-Executive Directors where no Director is involved in deciding his/her own remuneration in order to avoid potential conflict of interest.				
23.	Establishment of remuneration committee	B.1.1, B.1.2, B.1.3, B.1.4 & B.1.5	Complied	Hayleys PLC, the parent Company's Remuneration Committee function as the Remuneration Committee of the Company and recommends the remuneration payable to the Managing Director and Executive Director(s) and sets guidelines for the remuneration of management staff within the Company. The Board makes the final determination after considering such recommendation. The Remuneration Committee comprise of following members:  Dr. H Cabral, PC** - Chairman Dhammika Perera* M H Jamaldeen** M Y A Perera ** * Non-Executive Director ** Independent Non-Executive Director  Payment of remuneration to Directors is disclosed in page 113 of this report. No Director is involved in deciding his own remuneration.



## Corporate Governance Contd...

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2019/20
<b>B.2 THE LEVEL AND MAKE UP OF REMUNERATION</b>				
The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.				
24.	Level of remuneration	B.2.1, B.2.2, B.2.3 & B.2.4	Complied	The Remuneration Committee structures the remuneration package to attract, retain and motivate the Directors needed to run the company successfully but avoid paying more than is necessary for this purpose. The remuneration levels relative to other companies and performance of the Directors are taken in to account when considering the remuneration levels of the Directors.
25.	Levels of Remuneration of Non- Executive Directors	B.2.10	Complied	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
<b>B.3 DISCLOSURE OF REMUNERATION</b>				
The Code requires the Company to disclose in its Annual Report the details of the remuneration paid and the Remuneration Policy.				
26.	Disclosure of Remuneration	B.3.1	Complied	Please refer page 113 for the total Directors' remuneration
<b>C. RELATIONS WITH SHAREHOLDERS</b>				
<b>C.1 CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS</b>				
The Code requires the Board to use the AGM which is a major event in the Company's calendar to communicate with Shareholders and encourage their active participation. In this regard, all Shareholders of the Company receive the Notice of Meeting within the statutory due dates.				
27.	Use of proxy votes	C.1.1	Complied	The Company has in place an effective mechanism to count all proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands, except where a poll is called.
<b>C.2 COMMUNICATION WITH SHAREHOLDERS</b>				
The Code requires the Board should implement effective communication with Shareholders.				
28.	Channel to reach all Shareholders	C.2.1	Complied	The main mode of communication between the Company and the Shareholders is the Annual General Meeting. Shareholders are provided with the information prior to the AGM. Further, financial and other announcements are promptly submitted to CSE to publish in the CSE website.
29.	Policy methodology for communication with shareholders.	C.2.2.	Complied	An open door policy is in place, which enables Shareholders to keep in constant touch, visit and obtain information from the Company Secretary and engage in dialogue. Contact details are published in all annual and quarterly financial reporting.
30.	Implementation of the policy and methodology for communication with Shareholders.	C.2.3 C.2.7	Complied	Please refer C.2.4 and C.2.5 for the implementation of the policy and methodology
31.	Contact person for communication	C.2.4 & C.2.6	Complied	Details of contact persons are disclosed in the back inner cover of the Annual Report and Quarterly Financial Statements.
32.	Process to make Directors aware of major issues and concerns of Shareholders	C.2.5	Complied	The Company Secretary maintain a record of all corespondance about all major issues and concerns of the Shareholders.
33.	Process for responding Shareholder matters	C.2.7	Complied	Covered under the Section C.2

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2019/20
<b>D. ACCOUNTABILITY AND AUDIT</b>				
<b>D.1 FINANCIAL AND BUSINESS REPORTING (THE ANNUAL REPORT)</b>				
The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.				
34.	Board's responsibility for Statutory and Regulatory Reporting	D.1.1	Complied	The Board has recognized the responsibility to present regulatory and statutory reporting in a balanced and understandable manner. When preparing Quarterly and Annual Financial Statements, the Company complied with the requirements of the Companies Act No. 07 of 2007 and prepared and presented them in accordance with Sri Lanka Accounting Standards. The Company has complied with the reporting requirements prescribed by the Colombo Stock Exchange.
35.	Declaration by Chairman, Managing Director and CFO	D.1.3	Complied	Please refer the "Responsibility Statement of Chairman, Managing Director and Chief Financial Officer" on page 51.
36.	Declaration by Directors' report in the Annual Report	D.1.4	Complied	The Directors have made all required declarations in the 'Annual Report of the Board of Directors and appears on pages 30 to 33.
37.	Statement of Directors' and Auditor's responsibility for Financial Reporting	D.1.5	Complied	The 'Statement of Directors' Responsibilities' is given on page 50 See the 'Auditors' Report' on page 56 for the reporting responsibility of Auditors.
38.	Disclosure of related party transactions	D.1.8	Compliant	Refer the Related Party transaction Review committee report on page 54.
<b>D.2 RISK MANAGEMENT AND INTERNAL CONTROL</b>				
The Board should have a sound system of internal controls to safeguard Shareholders' investments and the Company's assets. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.				
39.	Annual evaluation of the internal controls system and Risk Management	D.2.1	Complied	The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision-making. It covers all controls, including financial, operational and compliance controls and risk management. It is important to state, however, that any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time. The Hayleys Management Audit & System Review Department (MA & SRD) plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where necessary. The MA & SRD's reports are made available to the Chairman and Managing Director and the Chairman of the Audit Committee. The Board has reviewed the effectiveness of the system of financial controls for the period up to the date of signing the accounts. There is a direct channel of communication between the Head of MA & SRD and the Chairman of the Audit Committee without the interference of any Directors or Executives.
40.	Availability of internal audit function and disclosure in annual report	D.2.2 & D.2.3	Complied	Please refer Internal Control and Risk Management Report.
41.	Review of the process and effectiveness of risk management and internal controls.	D.2.4	Complied	The Audit Committee reviews internal control issues and risk management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.

## Corporate Governance Contd...

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2019/20
<b>D.3 AUDIT COMMITTEE</b>				
The Board should have formal and transparent arrangements in selecting and applying the accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's External Auditor.				
42.	Composition of the Audit Committee	D.3.1	Complied	<p>Audit Committee consists of Three independent Non-Executive Directors and one Non-Executive Director</p> <p>Ms. W. D. De. Costa - Chairperson Mr. S. H. Amarasekara - Member Ms. R. N. Ponnambalam - Member Mr. C. J. Wickramasinghe - Member</p> <p>The Company Secretary serves as its Secretary. The Chairman, Managing Director, Head of Internal Audit and the Chief Financial Officer (CFO) and Hayleys Group CFO are invited to attend meetings as required. The input of the statutory Auditors will be obtained where necessary.</p> <p>The Audit Committee is required to assist the Company to achieve a balance between conformance and performance.</p>
43.	Terms of reference of the Audit Committee	D.3.2	Complied	<p>Terms of Reference of the Board Audit Committee is clearly defined in the Charter of the Audit Committee approved by the Board of Directors. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee. The Committee is required mainly to deal with the matters pertaining to statutory and regulatory compliance in financial reporting, matters with regard to the External Auditors, Internal Audit and Risk Management procedures of the Company. Refer Audit Committee report on page 52.</p>
44.	Disclosures of the Audit Committee	D.3.3	Complied	<p>The names of the members of the Audit Committee are given under section D.3.1 of this Code. Refer the Audit Committee report on page 52.</p>
<b>D.4 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE</b>				
The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.				
45.	A related party and related party transactions will be as defined in LKAS 24.	D.4.1	Complied	Please refer Related Party Transaction Review Committee Report on page 54
46.	Establishment of Related Party Transaction Review Committee and composition.	D.4.2	Complied	Please refer Related Party Transaction Review Committee Report on page 54
47.	Written terms of reference of Related Party Transaction Review Committee.	D.4.3	Complied	Please refer Related Party Transaction Review Committee Report on page 54

<b>D.5 CODE OF BUSINESS CONDUCTED AND ETHICS</b>				
The Company should develop a Code of Business Conduct and Ethics for Directors and members of the Senior Management team and must promptly disclose any waivers of the Code for Directors or others.				
48.	Code of Business Conduct and Ethics	D.5.1	Complied	The Company has developed a Code of Conduct for its employees. This Code addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protection and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behaviour, etc.
<b>D.6 CORPORATE GOVERNANCE DISCLOSURE</b>				
Directors of the Company disclose annually the Company's adherence to the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka.				
49.	Disclosure of corporate governance	D.6.1	Complied	This requirement is met through the presentation of this report.
<b>E. INSTITUTIONAL INVESTORS</b>				
<b>E.1 SHAREHOLDERS' VOTING</b>				
Institutional Shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice.				
50.	Communication with Shareholders	E.1.1	Complied	In order to avoid conflicts of interest by nurturing the mutual understanding, the Board carries out dialogues with its Shareholders at general meetings. In this regard, the AGM of the Company plays a critical role. Voting by the Shareholders is crucial in carrying a resolution at the AGM. The Chairman, who plays the role of the agent, communicates the views and queries of the Shareholders to the Board and the senior management, in order to ensure that the views are properly communicated to the Company.

# Corporate Governance Contd...

## SECTION 2 : COLOMBO STOCK EXCHANGE LISTING RULES

### Statement of Compliance

This section covers Amaya Leisure PLC's extent of adherence to the requirements of the Continuing Listing Requirements of Section 7.10 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange.

Rule No.	Subject	Amaya Extent of Adoption	Compliance Status	Reference in this Report
7.10.1(a)	Non-Executive Directors (NED)	Eight (8) of the Ten (10) Directors were Non-Executive Directors as at 31st March 2020	Complied	Corporate Governance
7.10.1(b)	Basis of Calculation of Total Number of Non-Executive Directors	Based on the number as at the conclusion of the immediately preceding AGM	Complied	Corporate Governance
7.10.2 (a)	Independent Directors (ID)	Three (3) of the Eight (8) Non-Executive Directors were Independent as at 31st March 2020	Complied	Corporate Governance
7.10.2 (b)	Independent Directors	All Non-Executive Directors have submitted their confirmation of independence as per the criteria set by the CSE rules, which is in line with the regulatory requirements.	Complied	Corporate Governance
7.10.3 (a)	Disclosure relating to Directors	The Board assessed the independence declared by the Directors and determined the Directors who are independent and disclosed same in item A.5.5 of the CASL Code table.)	Complied	Corporate Governance
7.10.3 (b)	Disclosure relating to Directors	The Board has determined that Three (3) Non-Executive Directors satisfy the criteria for "independence" set in the Listing Rules as in item A.5.5 of the CASL code table.	Complied	Corporate Governance
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Complied	Profile of the Board in the Annual Report
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief profile of new Director appointed to the Board with details specified in 7.10.3 (a), (b) and (c) to the Exchange.	Complied	Corporate Governance
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Complied	Corporate Governance
7.10.5 (a)	Composition of Remuneration Committee	The Remuneration Committee comprised of Two (2) Independent Non-Executive Directors as at 31st March 2020.	Complied	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Managing Director and the Executive Directors.	Complied	Corporate Governance
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	Names of Remuneration Committee members are given in section B.1 of the CASL code table on page 39. The disclosure of the Remuneration Committee is given on page 113 and the remuneration paid to Directors is given in the Note 33 to the Financial Statement on page 113.	Complied	Corporate Governance and Annual Report of the Board
7.10.6 (a)	Composition of Audit Committee	Shall comprise of NEDs, a majority of whom will be independent.	Complied	Corporate Governance and the Audit Committee Reports
7.10.6 (b)	Audit Committee Functions	Audit Committee functions are stated in the Audit Committee Report Page 52.	Complied	Corporate Governance and the Audit Committee Reports
7.10.6 (c)	Disclosure in Annual Report relating to Audit Committee	The names of the Audit Committee members given on page 52. The basis of determination of the independence of the Auditor is also given in section D.3.4 of the CASL code table	Complied	Corporate Governance and the Audit Committee Reports
7.13.1	Minimum Public Holding	As a listed company in the Main Board, the Company maintained the minimum public holding under specified criteria	Complied	Share and Investor Information

This section covers Amaya Leisure PLC's extent of adherence to the requirements of the Code of Best practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange:

Rule No.	Subject	Amaya Extent of Adoption	Compliance Status	Reference in this Report
9.2.1 & 9.2.3	Related Party Transactions Review Committee (RPTRC)	The RPTRC of the parent Company, Hayleys PLC, a listed entity, functions as the RPTR Committee for the Company The functions of the Committee are stated in Related Party Transactions Review Committee report in page 54.	Complied	Annual Report of Board of Directors Related Party Transactions Review Committee Report
9.2.2	Composition of the Related Party Transactions Review Committee	The RPTRC consists of following Directors: <ul style="list-style-type: none"> <li>• Dr. H. Cabral PC - Chairman (Independent non-executive Director- Hayleys PLC)</li> <li>• Mr. M. Y. A. Perera - (Independent Non-Executive Director - Hayleys PLC)</li> <li>• Mr. S. C. Ganegoda - (Executive Director - Hayleys PLC)</li> </ul>	Complied	Annual Report of Board of Directors Related Party Transactions Review Committee Report
9.2.4	Related Party Transactions Review Committee-Meetings	The committee met 04 times during the financial year of 2019/2020	Complied	Annual Report of the Board
9.3.2 (a)	Disclosure - Non-recurrent Related Party Transactions	Company has not involved with an Non - recurrent related party transactions with aggregate value exceeds 10% of the equity or 5% total assets whichever is lower. No disclosures required.	Complied	Notes to the financial Statement

# Internal Control and Risk Management Framework

## Group Internal control procedure

The Board is responsible for the formulation of appropriate systems of internal controls for the Company and ensuring its effectiveness. The Board acknowledges its responsibilities for the system of internal control to facilitate the identification, assessment and management of risk, the protection of shareholders' investments and the Group's assets. The Directors recognize that they are responsible for providing return to shareholders, which is consistent with the responsible assessment and mitigation of risk. The Board is aware that any internal control systems contains inherent limitations and therefore, the Board takes appropriate action to minimize such situations. There is an on-going process for identifying, evaluating and managing the significant risks faced by the Company which has been in place during the financial year and up to the date of approval of the Annual Report. The Board regularly reviews this process supported by Hayleys Group Management Audit & System Review Department (MASRD).

The three main objectives of Internal Controls of the company are,

1. Ensuring the reliability of Financial Reporting .
2. Improving the effectiveness and the efficiency of hotel operations.
3. Compliance with the laws and regulations.

In achieving the above objectives Company has organized its Internal Controls system as follows,

### 1. Control Environment

Management, with the oversight of the Board, has created and maintained a "culture of honesty" and promotes ethical behavior, that provides the foundation for the other components of the Internal Control system.

### 2. Risk Assessment

Company regularly assesses the risk associated with the business and a detailed explanation of the risk assessment has been provided under the Risk Management section of this report .

### 3. Control Activities

Control Activities consists of the set of Internal Controls designed and implemented by the Company to manage risk associated with the business, including;

- a. Segregation of duties
- b. Authorizations
- c. Performance review
- d. IT general controls and application controls
- e. Other physical controls

### 4. Information System

Information System consist of the infrastructure, software, people, procedures and data that facilitates financial reporting and other hotel operations such as front office reservation system.

## 5. Monitoring and Review

This aspect of the Internal Control system involves in evaluating whether the Internal Controls which have been designed and implemented are operating effectively, taking corrective action whenever there are inefficiencies and ensuring that the Internal Control system is sound and effective to minimize the risks faced by the Company.

### Departments / Business Units

Internal Controls are designed and implemented over different departments/units of the Company, such as the finance, hotel operations, head office functions, outlet operations, gift boutique operations, farm operations and other operations in achieving the three main objectives aforementioned.

The Company may be exposed to certain external and internal risks and recognizes the importance of controlling these risks and minimizing the possibility of any adverse impact to the Company. The control systems are designed to safeguard the Company's assets and maintain proper accounting records. Further Internal Audit Reports are reviewed and discussed at management level and thereafter forwarded to the Audit committee. Internal Audit Reports are structured in a way that it facilitates the resolution of the concerns highlighted and follow up action is monitored by the Board on an ongoing basis.

### Risk Management Framework

Amaya has a proactive stance towards the risks it might have to face. The identification, prioritization of identified risks, development of risk management measures and implementation of such measures and continuous monitoring of the implemented measures are well planned and carried out by Amaya.

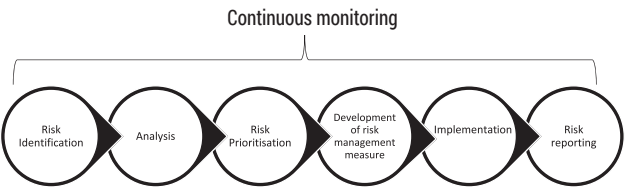
Amaya is committed towards improving and strengthening the risk management process in order to respond to the various challenges arising from the ever-changing operating environment and the dynamics of the economy, while keeping its vision at the center of every decision it makes.

### Governance

The ultimate responsibility of the risk management and internal control processes lies in the hands of the Board of Directors of Amaya Leisure PLC. While they oversee the process, the Audit Committee assists them through monitoring the risk management and internal controls. The Risk Management team consists of The Managing Director, Chief Financial Officer supported by Hayleys Group Management Audit & System Review Department (MASRD) along with the Operational Managers. The team implements and carries out the risk management policies recommended and approved by the Board supported by the Audit Committee. The financial risk committee, focusing solely on financial risks of the group, provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

**The Process**

Amaya understands the importance of having a formal risk management process. This helps the Company and the Group as a whole to identify significant risks and device methods to mitigate the risks as they arise.



**Risk Identification**

Potential risks are identified at individual hotel level and group level.

**Analysis**

The identified risks are analyzed based on their potential impact and probability of occurrence, and are mapped on a Risk Assessment Matrix as shown below,

		Severity of impact		
Probability of Occurrence		Minor	Moderate	Major
	Almost Certain	Medium	High	High
	Possible	Low	Medium	High
	Rare	Insignificant	Low	Medium

**Risk prioritisation**

After conducting a thorough analysis, the risks are prioritized from the most probable and most impactful, to the least probable and least impactful.

**Developing risk management measures**

After prioritizing the risks, Amaya develops measures to address those risks either by accepting it as it is, controlling or transferring it, or avoiding it.

It is ensured that these measures are in line with the internal controls and strategic priorities of the company.

**Implementation**

The well-devised risk measure is then implemented by the responsible management.

**Risk Reporting**

All risk related information are formally recorded by the company.  
Continuous monitoring

The whole risk management process is continuously monitored by the Board and the Management.



## ***The Creation and Sharing of Holistic Value***

### ***Financial Calendar***

**31<sup>st</sup> July 2019**  
1st Quarter Interim Report

**30<sup>th</sup> October 2019**  
2nd Quarter Interim Report

**29<sup>th</sup> January 2020**  
3rd Quarter Interim Report

**15<sup>th</sup> June 2020**  
4th Quarter Interim Report

**30<sup>th</sup> June 2020**  
Annual Report 2019/20

**23<sup>rd</sup> July 2020**  
38<sup>th</sup> Annual General Meeting

## Interim Financial Highlights

Financial Highlights	Quarter 01 Rs. 000	Quarter 02 Rs. 000	Quarter 03 Rs. 000	Quarter 04 Rs. 000
Revenue from Contract with Customers	226,966	354,191	334,604	310,190
Profit / (Loss) Before Tax	(108,651)	(801)	(53,680)	(89,229)
Tax Expense	(3,251)	(2,648)	(2,798)	(5,302)
Profit / (Loss) After Tax	(111,902)	(3,449)	(56,478)	(94,531)
Profit / (Loss) Attributable to Owners of the Parent	(79,970)	10,003	(30,515)	(68,095)
Profit / (Loss) Attributable to Non-Controlling Interest	(31,932)	(13,452)	(25,963)	(26,437)
Non Current Assets (end of the quarter)	5,002,221	4,963,337	4,958,323	4,973,397
Current Assets (end of the quarter)	710,041	795,788	910,581	695,116
Shareholder's Fund (end of the quarter)	3,718,158	3,704,356	3,661,862	3,531,041
Non-current liabilities (end of the quarter)	1,061,858	1,271,409	1,257,274	947,686
Current liabilities (end of the quarter)	932,246	783,360	949,768	1,189,785
<b>Market Value of Shares</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Highest Share Price	40.00	34.60	48.00	39.40
Lowest Share Price	28.00	30.00	31.10	24.80
Closing Share Price	33.50	32.00	36.70	25.00
Basic Earning / (Loss) per share	(1.48)	0.19	(0.57)	(1.26)
Market Capitalization (Rs. Mn)	2,542	2,424	2,160	2,009
<b>Share Trading Information</b>				
No. of Transactions	225	303	432	182
No. of Shares Traded	117,552	143,967	165,541	26,497
Value of Shares Traded (Rs.)	3,731,311.10	4,647,086.30	6,227,295.80	888,881.00

# Statement of Directors' Responsibilities

The Directors are responsible under Sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 7 of 2007, to ensure compliance with the requirements set out therein to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of financial statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the financial statements presented. The Directors confirm that in preparing the financial statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting standards, Companies Act No 07 of 2007 and the listing rules of the Colombo Stock Exchange. Further, the financial statements provide the information required by the Companies Act and the listing rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the company, key operations and specific inquiries that adequate resources exist to support the Company on a going concern basis over the next year. These financial statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The external Auditors, Messrs Ernst & Young deemed re- appointed in terms of Section 158 of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on page 56 sets out their responsibilities in relation to the Financial Statements.

## Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or where relevant, provided for.

By order of the Board



HAYLEYS GROUP SERVICES (PVT) LTD  
Secretaries

15th June 2020.

# **Responsibility Statement of Chairman, Managing Director and Chief Financial Officer**

The financial statements of Amaya Leisure PLC and the consolidated financial statements of the Group, as at 31st March 2020, are prepared and presented in conformity with the requirements of the following:

1. Sri Lanka Accounting Standards, issued by the Institute of Chartered Accountants of Sri Lanka
2. The Companies Act No. 07 of 2007
3. The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
4. Listing Rules of the Colombo Stock Exchange
5. The Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

We confirm that the significant accounting policies used in the preparation of the financial statements are appropriate, and are consistently applied, unless otherwise stated in the notes to the financial statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our external auditors.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect fraud as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the company have been consistently followed were provided by periodic audits conducted by the Group's internal auditors. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the internal auditors and the independent auditors to review the effectiveness of audits, and to discuss auditing, internal control and financial reporting issues. The independent auditors and the internal auditors have full and free access to the Audit Committee to discuss any matter of substance.

The financial statements were audited by the independent external auditors, Messrs Ernst & Young, Chartered Accountants. The Audit Committee approves the audit and non-audit services provided by the external auditor, in order to ensure that the provision of such services do not impair their independence.

We Confirm that

- the company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances; and
- there are no material litigations that are pending against the group



**A. M. Pandithage**

Chairman



**R. J. Karunarahah**

Managing Director



**A. S. Dikkumbura**

Chief Financial Officer

15<sup>th</sup> June 2020

# Report of the Audit Committee

## Role of the Committee

The role of the Audit Committee is to assist the board in fulfilling its responsibility with regard to ensuring the quality and integrity of the financial statements.

The Audit Committee's responsibilities also include monitoring the adequacy & effectiveness of company's internal controls and risk management framework, assessing and monitoring the performance of the External & Internal Auditors including assessment of their independence & objectivity, and ensuring compliance with laws & regulations which are fundamental to the company's operations & continued business.

## Composition of the Committee and Meetings

The Audit Committee comprised three Independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows.

Ms. W.D. De Costa	- Independent/ Non-Executive Director
Mr. S.H. Amarasekera	- Independent/ Non- Executive Director
Ms. R.N. Ponnambalam	- Independent/ Non-Executive Director
Mr. C.J. Wickramasinghe	- Non Independent/ Non-Executive Director

The Chairperson of the Audit Committee is Ms.W. D. de Costa, who is a Fellow member of the Institute of Chartered Accountants of Sri Lanka.

A brief profile of each member is given on pages 18 to 20.

The Board Secretary functions as the secretary to the Audit Committee

The Audit Committee reports directly to the Board. The individual and collective financial, legal, hotel industry specific knowledge and business experience are brought to bear on all matters which fall within the purview of the committee.

The Chairman, Managing Director, Chief Financial Officers of the Hayley's Group and Amaya Leisure PLC and the Head – Group Management Audit & System Review Department of Hayley's PLC attend the Audit Committee meetings by invitation. Other Directors, Managers and Officers as well as the Independent External Auditors were invited to attend the meetings as required.

## Meetings of the Audit Committee

The Audit Committee held four (4) meetings during the financial year 19/20. The attendance at the Audit Committee meetings held during the year under review is as follows.

## Name of Director

## Total

Ms. W. D. de Costa	4/4
Mr. S. H. Amarasekera	-
Ms. R. N. Ponnambalam	3/4
Mr. C. J. Wickramasinghe	4/4

Any individual member of the Committee has the opportunity to raise specific issues at the meetings. The committee was in regular contact with the management including the Chief Financial Officer and Chief Internal Auditor as necessary to strengthen guidance and oversight relating to matters coming under the purview of the Committee.

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

## Financial Reporting

The Audit Committee reviewed and discussed the Company's quarterly and annual Financial Statements prior to publication with the management with regard to the adequacy of disclosures, uniformity and appropriateness of the accounting policies adopted, major judgmental areas to ensure that they were in compliance with the applicable Sri Lanka Accounting Standards and other applicable laws, rules and guidelines.

The Committee also reviewed the effectiveness of the Financial Reporting Systems adopted to ensure the reliability of the information provided which included obtaining Statements of Compliance from the Head of Finance and the Director in charge of the operations. 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 including the reporting requirements and disclosures arising due to the COVID19 Pandemic.

## Internal Audit and Internal Controls

The Hayleys PLCs Group Management, Audit and System Review Department serves as the Internal Auditors of the Company. The Internal Audit plan and the scope of work were formulated in consultation with the Managing Director, Chief Financial Officer and the Chairman of the Audit 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 the Internal Audit Reports received by the Committee together with management responses were reviewed and discussed with management and the Internal Auditors. The committee ensured that the recommendations of the Internal Auditors have been followed up and appropriate remedial action initiated.

## External Audit

The committee held meetings with the External Auditors to review the nature, approach and the scope of the audit prior to the commencement of the audit.

The Audit Management Letter on the audit of the Company together with actions taken by the management in response to the issues raised was discussed with the management and the auditors and remedial action recommended wherever necessary.

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.



**Ms. W. D. de Costa**

Chairperson

Audit Committee

15<sup>th</sup> June 2020

# Related Party Transactions Review Committee Report

The Related Party Transaction Review Committee of Hayleys PLC, the parent Company functions as the Committee of the Company in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange.

## Composition of the Committee

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Executive Director.

The Committee comprises the following Members.

Dr. H. Cabral, PC - Chairman \*\*  
Mr. M.Y.A. Perera \*\*  
Mr. S.C. Ganegoda \*

\*\* Independent Non-Executive

\* Executive

## The duties of the Committee

- To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from management, employees or external parties to with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority Shareholders.
- Meet with the Management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/ non recurrent related party transactions.

- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

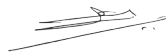
## Task of the Committee

The Committee re-viewed the related party transactions and their compliances of Amaya Leisure PLC and communicated same to the Board.

The Committee in its re-view process recognized the adequate of the content and quality of the information forwarded to its Members by the Management.

## Meetings

The Committee met four (04) times during the year under review. The attendance at the meetings given in table on page 31 of the Annual Report.



Dr. Harsha Cabral, PC.  
Chairman

Related Party Transactions Review Committee of Hayleys PLC  
15th June 2020.



## ***Financial Statements***

# Independent Auditor's Report



Ernst & Young  
Chartered Accountants  
201 De Saram Place  
P.O. Box 101  
Colombo 10  
Sri Lanka

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Fax Gen : +94 11 2697369  
Tax : +94 11 5578180  
eysl@lk.ey.com  
ey.com

## Report on the audit of the financial statements

### Opinion

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

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

### Basis for opinion

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

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

### Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Management's assessment of the probable impacts of the COVID 19 pandemic on the operations of the Group</b></p> <p>The Group's financial statements are prepared on the going concern basis after evaluating the probable impacts of the COVID 19 pandemic on the operations of the Group.</p> <p>We considered the Management's assessment of Going concern as a key audit matter due to the probable impacts of Covid 19 pandemic on the operations of the Group and significance of the Management's judgements and estimates involved in such assessment which are more fully described in note 2.6 of the financial statements.</p>	<p>Our audit procedures included the following;</p> <p>We gained an understanding of Management's assessment of the probable impacts of the Covid 19 pandemic on the usual operations of the Group which covered not less than twelve months from the reporting date.</p> <p>We corroborated the Management's plans for sources of funding by tracing those to relevant agreements and confirmations from lenders.</p> <p>We engaged our internal specialized resources to assist us in evaluating the reasonableness of the significant management judgements and estimates, such as occupancy and average room rates used in such cashflow projections.</p> <p>We reviewed the adequacy of the disclosures made in notes 2.6 in the financial statements.</p>
<p><b>Impairment Test of Goodwill</b></p> <p>The goodwill on the statement of financial position of the Group amounts to Rs. 137,863,688/- which has been derived entirely from its investment in Sun Tan Beach Resorts Limited. The Group is required to annually test the amount of goodwill for impairment.</p> <p>The management's impairment assessment process is complex, judgmental and is based on significant assumptions under prevailing economic situation as disclosed in Note 19.</p> <p>In consideration of the significance of the balance and the level of judgment involved, the impairment assessment of goodwill has been considered as a key audit matter.</p>	<p>Our procedures included among other included the following;</p> <p>Involving internal experts to assist us in evaluating the assumptions and methodology used by the Group, in particular those relating to the forecasted occupancy, average room rates and gross margin of Sun Tan Beach Resorts Limited.</p> <p>We also assessed the adequacy of the Group's disclosures made in note 19 about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.</p>

#### Other information included in the 2020 annual report

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

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

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

#### Responsibilities of the management and those charged with governance

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

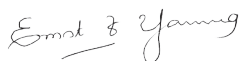
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

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

## Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2965.



15 June 2020

Colombo

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

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

A member firm of Ernst & Young Global Limited

## Statement of Profit or Loss

YEAR ENDED 31 MARCH	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	7	1,225,951,422	1,643,863,373	107,063,286	172,326,103
Cost of Sales		(700,281,180)	(714,287,563)	-	-
<b>Gross Profit</b>		<b>525,670,242</b>	<b>929,575,810</b>	<b>107,063,286</b>	<b>172,326,103</b>
Other Income	8	30,730,548	46,676,459	4,263,889	2,131,681
Gain on realization of Investments	9	-	90,556,525	-	90,556,525
Impairment of Investment in Subsidiary	10	-	-	(130,303,452)	(151,309,478)
Selling and Marketing Expenses		(69,528,166)	(103,841,244)	(6,888,553)	(39,044,368)
Administrative Expenses		(601,151,975)	(554,895,468)	(221,841,238)	(168,800,740)
Finance Cost	11.1	(168,224,405)	(171,697,914)	(3,128,763)	(8,212,085)
Finance Income	11.2	30,141,869	34,074,614	24,217,484	31,387,991
<b>Profit/(Loss) before Tax</b>	<b>12</b>	<b>(252,361,887)</b>	<b>270,448,782</b>	<b>(226,617,347)</b>	<b>(70,964,371)</b>
Tax Expenses	13	(13,999,202)	(35,216,993)	-	(1,417,792)
<b>Profit/(Loss) for the year</b>		<b>(266,361,089)</b>	<b>235,231,789</b>	<b>(226,617,347)</b>	<b>(72,382,163)</b>
<b>Profit/(Loss) Attributable to:</b>					
Equity Holders of the Parent		(168,578,384)	299,697,222	(226,617,347)	(72,382,163)
Non-Controlling Interest		(97,782,705)	(64,465,433)	-	-
		(266,361,089)	235,231,789	(226,617,347)	(72,382,163)
<b>Basic / Diluted Earnings / (Loss) per Share</b>	<b>14.1</b>	<b>(3.12)</b>	<b>5.55</b>	<b>(4.20)</b>	<b>(1.34)</b>
<b>Dividend per Share</b>	<b>14.2</b>	<b>-</b>	<b>5.50</b>	<b>-</b>	<b>5.50</b>

The Accounting Policies and Notes on pages 68 through 81 form an integral part of these Financial Statements.

# Statement of Comprehensive Income

YEAR ENDED 31 MARCH	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit/(Loss) for the year		(266,361,089)	235,231,789	(226,617,347)	(72,382,163)
Other comprehensive income/(loss)					
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods					
Loss on Fair value through OCI financial assets		(1,616,960)	(24,202,240)	(1,616,960)	(24,202,240)
Actuarial Loss on Defined Benefit Plan	29	(5,039,373)	(670,819)	(3,316,746)	(78,634)
Deferred tax impact on Actuarial Loss		174,911	(11,263)	-	-
		(6,481,422)	(24,884,322)	(4,933,706)	(24,280,874)
Effect of Revaluation on Land	27.1	-	157,900,000	-	-
Deferred tax impact on revaluation of lands		-	(3,206,000)	-	-
		-	154,694,000	-	-
Net loss on cash flow hedge		(17,409,306)	(31,751,501)	-	-
Net other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods		(23,890,728)	98,058,177	(4,933,706)	(24,280,874)
Other Comprehensive income/(loss) for the year, net of tax		(23,890,728)	98,058,177	(4,933,706)	(24,280,874)
Total Comprehensive income/(loss) for the year, net of tax		(290,251,817)	333,289,966	(231,551,053)	(96,663,037)
Total comprehensive income/(loss) attributable to:					
Equity Holders of the Parent		(184,805,370)	411,634,197	(231,551,053)	(96,663,037)
Non-Controlling Interest (Note 20.2)		(105,446,447)	(78,344,231)	-	-
		(290,251,817)	333,289,966	(231,551,053)	(96,663,037)

The Accounting Policies and Notes on pages 68 through 81 form an integral part of these Financial Statements.



# Statement of Financial Position

AS AT 31 MARCH	Note	Group		Company	
Assets		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Non-Current Assets</b>					
Property, Plant and Equipment	16	4,688,071,704	4,771,881,087	39,766,432	17,518,475
Right-of-use assets	17	23,351,449	-	5,209,375	-
Prepayment on Leasehold Property	18	-	59,239,123	-	-
Intangible Assets	19	137,863,688	137,863,688	-	-
Investments in Subsidiaries	20	-	-	1,033,868,838	1,164,172,290
Other Non Current Financial Assets	21	124,110,301	30,774,410	124,110,301	30,774,410
		<b>4,973,397,142</b>	<b>4,999,758,308</b>	<b>1,202,954,946</b>	<b>1,212,465,175</b>
<b>Current Assets</b>					
Inventories	23	45,996,480	42,184,734	-	-
Trade and Other Receivables	24	290,414,119	425,549,265	333,166,286	324,082,371
Advances and Prepayments		29,115,643	27,475,322	5,780,441	554,668
Tax Receivables		7,760,107	2,831,062	2,016,750	768,465
Other Current Financial Assets	21	20,923,403	18,993,554	20,923,403	18,993,554
Short Term Deposits	25	128,843,111	155,240,884	128,843,111	111,218,384
Cash and Bank Balances	25	172,061,929	158,272,295	66,155,974	41,162,378
		<b>695,114,792</b>	<b>830,547,116</b>	<b>556,885,965</b>	<b>496,779,820</b>
<b>Total Assets</b>		<b>5,668,511,934</b>	<b>5,830,305,424</b>	<b>1,759,840,911</b>	<b>1,709,244,995</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated Capital	26	909,370,708	909,370,708	909,370,708	909,370,708
Revaluation Reserve	27.1	423,793,731	423,793,731	-	-
Fair Value Reserve of Financial Assets at FVOCI	27.2	(32,912,960)	(31,296,000)	(32,912,960)	(31,296,000)
Hedge Reserve	27.3	(27,574,298)	(17,809,418)	-	-
Retained Earnings		<b>2,236,086,743</b>	<b>2,414,321,027</b>	<b>71,431,282</b>	<b>305,483,683</b>
		<b>3,508,763,924</b>	<b>3,698,380,048</b>	<b>947,889,030</b>	<b>1,183,558,391</b>
Non-Controlling Interest		<b>22,271,787</b>	<b>128,252,871</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>3,531,035,711</b>	<b>3,826,632,919</b>	<b>947,889,030</b>	<b>1,183,558,391</b>
<b>Non-Current Liabilities</b>					
Interest Bearing Loans and Borrowings	22	754,200,319	628,746,010	-	-
Deferred Tax Liabilities	13.3	137,469,251	134,285,551	-	-
Retirement Benefit Obligation	29	56,016,414	63,058,279	7,232,657	17,795,202
		<b>947,685,984</b>	<b>826,089,840</b>	<b>7,232,657</b>	<b>17,795,202</b>
<b>Current Liabilities</b>					
Interest Bearing Loans and Borrowings	22	814,628,174	725,713,695	23,808,474	-
Trade and Other Payables	28	313,464,262	338,642,376	777,918,570	504,568,022
Other Current Non-Financial Liabilities	30	58,609,822	98,980,170	2,992,180	3,323,380
Tax Payable		3,087,981	14,246,424	-	-
		<b>1,189,790,239</b>	<b>1,177,582,665</b>	<b>804,719,224</b>	<b>507,891,402</b>
<b>Total Equity and Liabilities</b>		<b>5,668,511,934</b>	<b>5,830,305,424</b>	<b>1,759,840,911</b>	<b>1,709,244,995</b>

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.



Aruna Dikkumbura - Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;



A. M. Pandithage - Chairman



R. J. Karunarajah - Managing Director

The Accounting Policies and Notes on pages 68 through 81 form an integral part of these Financial Statements.

15 June 2020  
Colombo

# Statement of Changes In Equity

AS AT 31 MARCH Group	Stated Capital	Revaluation Reserve	Fair value reserve of Financial assets at FVOCI/ Note 27.2	Retained Earnings	Cash Flow Hedge Reserve	Total	Non Controlling Interest	Total Equity
	Note 26 Rs.	Note 27.1 Rs.	Note 27.2 Rs.	Rs.	Note 27.3 Rs.	Rs.	Note 20.2 Rs.	Rs.
<b>Balance as at 01 April 2018</b>	<b>819,779,170</b>	<b>269,099,731</b>	<b>(7,568,544)</b>	<b>2,406,462,333</b>	<b>-</b>	<b>3,487,772,690</b>	<b>206,597,102</b>	<b>3,694,369,792</b>
Profit for the Year	-	-	-	299,697,222	-	299,697,223	(64,465,433)	235,231,789
Dividends Paid	-	-	-	(186,864,423)	-	(186,864,423)	-	(186,864,423)
Scrip Dividend	89,591,538	-	-	(103,753,952)	-	(14,162,414)	-	(14,162,414)
Revaluation of Freehold Land	-	157,900,000	-	-	-	157,900,000	-	157,900,000
Income Tax Effect	-	(3,206,000)	-	-	-	(3,206,000)	-	(3,206,000)
Loss on Fair value through OCI financial assets	-	-	(24,202,240)	-	-	(24,202,240)	-	(24,202,240)
Reclassification of FVOCI Gain on Disposed Shares	-	-	474,784	(474,784)	-	-	-	-
Actuarial gain/(Loss)	-	-	-	(745,368)	-	(745,368)	63,286	(682,082)
Effect of Exchange Loss Hedge	-	-	-	-	(19,137,877)	(19,137,877)	(14,982,067)	(34,119,944)
Reclassification to the revenue	-	-	-	-	1,328,459	1,328,459	1,039,983	2,368,442
<b>Balance as at 31 March 2019</b>	<b>909,370,708</b>	<b>423,793,731</b>	<b>(31,296,000)</b>	<b>2,414,321,027</b>	<b>(17,809,418)</b>	<b>3,698,380,048</b>	<b>128,252,871</b>	<b>3,826,632,919</b>
Effect of Transition to SLFRS 16	-	-	-	(4,806,578)	-	(4,806,578)	(538,811)	(5,345,389)
<b>Balance as at 01 April 2019</b>	<b>909,370,708</b>	<b>423,793,731</b>	<b>(31,296,000)</b>	<b>2,409,514,449</b>	<b>(17,809,418)</b>	<b>3,693,573,470</b>	<b>127,714,059</b>	<b>3,821,287,530</b>
Loss for the Year	-	-	-	(168,578,384)	-	(168,578,384)	(97,782,705)	(266,361,089)
Loss on Fair value through OCI financial assets	-	-	(1,616,960)	-	-	(1,616,960)	-	(1,616,960)
Actuarial loss (net of tax)	-	-	-	(4,849,322)	-	(4,849,322)	(15,140)	(4,864,462)
Effect of Exchange Loss Hedge	-	-	-	-	(10,790,093)	(10,790,093)	(8,447,013)	(19,237,106)
Reclassification to the revenue	-	-	-	-	1,025,213	1,025,213	802,587	1,827,799
<b>Balance as at 31 March 2020</b>	<b>909,370,708</b>	<b>423,793,731</b>	<b>(32,912,960)</b>	<b>2,236,086,743</b>	<b>(27,574,298)</b>	<b>3,508,763,924</b>	<b>22,271,787</b>	<b>3,531,035,712</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

The Accounting Policies and Notes on pages 68 through 81 form an integral part of these Financial Statements.

## Statement of Changes In Equity Contd...

AS AT 31 MARCH Company	Stated Capital  Note 26 Rs.	Fair value reserve of Financial assets at FVOCI Note 27.2 Rs.	Retained Earnings  Rs.	Total Equity  Rs.
Balance as at 01 April 2018	819,779,170	(7,568,544)	669,037,639	1,481,248,266
Reclassification of FVOCI Gain on Disposed Shares	-	474,784	(474,784)	-
Loss for the year	-	-	(72,382,163)	(72,382,163)
Scrip Dividend	89,591,538	-	(103,753,952)	(14,162,414)
Dividend Paid	-	-	(186,864,423)	(186,864,423)
Loss on Fair value through OCI financial assets	-	(24,202,240)	-	(24,202,240)
Acturial loss	-	-	(78,634)	(78,634)
Balance as at 31 March 2019	909,370,708	(31,296,000)	305,483,683	1,183,558,392
Effect of Transition to SLFRS 16	-	-	(4,118,308)	(4,118,308)
Balance as at 01 April 2019	909,370,708	(31,296,000)	301,365,375	1,179,440,084
Loss for the year	-	-	(226,617,347)	(226,617,347)
Loss on Fair value through OCI financial assets	-	(1,616,960)	-	(1,616,960)
Acturial loss	-	-	(3,316,746)	(3,316,746)
Balance as at 31 March 2020	909,370,708	(32,912,960)	71,431,282	947,889,031

The Accounting Policies and Notes on pages 68 through 81 form an integral part of these Financial Statements.

# Cash Flow Statement

YEAR ENDED 31 MARCH	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash Flows from/(used in) Operating Activities					
Profit before Tax		(252,361,887)	270,448,782	(226,617,347)	(70,964,371)
Adjustment For					
Depreciation	16	171,356,632	177,156,743	7,569,485	3,984,919
Provision for Defined Benefit Obligation	29	11,562,930	11,936,091	2,007,756	2,973,294
Amortization of Leasehold Property		-	813,425	-	-
Depreciation of Right of use assets	17.2	16,426,364	-	15,628,124	-
Impairment in Investment of Subsidiary		-	-	130,303,452	151,309,478
Gain on realization of Investments		-	(90,556,525)	-	(90,556,525)
Gain on Disposal of Property, Plant and Equipment	8	(2,086,957)	-	(2,086,957)	-
Dividend Income	8	(2,176,933)	(1,133,412)	(2,176,933)	(2,131,681)
Finance Income	11.2	(30,141,869)	(22,597,608)	(24,464,565)	(19,910,985)
Finance Cost	11.1	168,224,405	171,697,914	3,128,763	8,212,085
Reversal of Fall in Value of Investments		(1,929,851)	(11,477,006)	(1,929,851)	(11,477,006)
Exchange loss on USD Loans		3,045,355	2,368,442	-	-
Impairment of trade and other receivables	24	14,414,063	-	-	-
Creditors written back		(3,051,754)	(10,942,240)	-	-
Operating Profit / (Loss) before Working Capital Changes		93,280,498	497,714,606	(98,638,073)	(28,560,791)
(Increase)/Decrease in Inventories		(3,811,746)	(5,196,550)	-	-
Increase / (Decrease) in Trade and Other Receivables		25,768,233	(81,965,150)	(222,834,868)	(199,874,089)
(Increase)/Decrease in Advance and Prepayment		(1,640,321)	6,112,629	(5,218,343)	(295,260)
Increase/(Decrease) in Trade and Other Payables		30,958,715	98,406,084	306,428,877	395,895,927
Increase/(Decrease) in Other Current Non Financial Liabilities		(40,370,348)	43,608,473	85,381,145	41,588,471
Cash Generated from Operations		104,185,031	558,680,092	65,118,738	208,754,255
Finance Cost paid		(168,224,405)	(171,697,914)	(3,128,763)	(8,212,085)
Defined Benefit Obligation paid	29	(23,644,168)	(4,788,250)	(15,887,048)	(1,014,020)
Tax paid		(26,728,077)	(21,954,717)	(1,248,284)	(1,447,496)
Net Cash from Operating Activities		(114,411,619)	360,239,212	44,854,643	198,080,654
Cash Flows from/(used in) Investing Activities					
Acquisition of Property, Plant and Equipment	16	(87,547,251)	(74,972,228)	(29,817,441)	(3,004,190)
Finance Income received		30,141,869	22,597,608	24,464,565	19,910,985
Dividend received		2,176,933	1,133,413	2,176,933	2,131,681
Proceeds from Disposal of Property, Plant and Equipment		2,086,957	-	2,086,957	-
Proceeds from Disposal of FVTPLInvestments		-	161,577,525	-	161,577,525
Net Cash from/(used in) Investing Activities		(53,141,493)	110,336,317	(1,088,986)	180,616,001

## Cash Flow Statement Contd...

YEAR ENDED 31 MARCH	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash Flows used in Financing Activities					
Dividends paid		-	(201,034,275)	-	(201,034,275)
Proceeds from Bank Loans	22.1.1	228,980,369	831,473,062	-	-
Repayment of Bank Loans	22.1.1	(101,856,248)	(1,023,156,365)	-	(107,550,000)
Principal Payment under Finance Lease Liabilities	22.1.2	(18,703,303)	-	(17,407,412)	-
Net Cash used in Financing Activities		108,420,818	(392,717,578)	(17,407,412)	(308,584,276)
Net Increase/(Decrease) in Cash and Cash Equivalents		(59,132,294)	77,857,951	26,358,245	70,112,382
Cash and Cash Equivalents at the beginning of the year		130,198,542	52,340,591	152,380,762	82,268,380
Cash and Cash Equivalents at the end of the year	25	71,066,248	130,198,542	178,739,007	152,380,762

The Accounting Policies and Notes on pages 68 through 81 form an integral part of these Financial Statements.

## ***Accounting Policies***

# Accounting Policies

## CORPORATE INFORMATION

### 1.1 Reporting Entity

Amaya Leisure PLC ("the Company") is a Public Limited Liability company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The address of the Company's registered office and the principal place of business is situated at Level 27, East Tower, World Trade Center, Echelon Square, Colombo 01.

### 1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2020 comprise "the Company" referring to Amaya Leisure PLC as the holding Company and the "Group" referring to companies that have been consolidated therein (Subsidiaries).

### 1.3 Nature of Operations and Principal Activities of the Company and the Group

During the year, the principal activities of the Group were as follows:

#### A. Amaya Leisure PLC.

During the year, the principal activities of the Company were provision of management and marketing services to its subsidiaries and managing entities.

#### B. Culture club Resorts (Private) Limited, Kandyana Resorts (Private) Limited and Sun Tan Beach Resorts Limited.

The principal activities were provision of food, beverage, lodging and other hospitality industry related activities.

#### C. Connaissance Hotel Management (Private) Limited, connaissance Air Travels (Private) Limited, CDC conventions (Private) Limited, Lake Lodge (Private) Limited.

Currently these Companies remain as dormant. Parent Entity and Ultimate Parent Entity

In the opinion of the Directors, the Company's parent and ultimate parent undertaking and controlling party is also Hayleys PLC, which is incorporated in Sri Lanka.

### 1.4 Approval of Financial Statements

The consolidated Financial Statements of Amaya Leisure PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2020 were authorized for issue by the Directors on 15 June 2020.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRSs/LAKS) promulgated by the Institute of chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007.

### 2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for

- Lands which are recognized as property, plant and equipment which are measured at cost at the time of the acquisition and subsequently carried at fair value.
- Financial instruments reflected as fair value through profit or loss (FVTPL) which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value.

Where appropriate, specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the consolidated financial statements.

### 2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees (Rs), which is the Group's functional and presentation currency.

### 2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the consolidated financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

### 2.5 Comparative Information

The consolidated financial statements provide comparative information in respect of the previous year. The accounting policies other than for leases have been consistently applied by the Group and, are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation. The Group has applied SLFRS 16; Leases using modified retrospective approach during the year (See note 4).



## 2.6 Management's assessment of the probable impacts of the COVID 19 pandemic on the operations of the Group

The directors have made an assessment of the Group's ability to continue as a going concern considering all the current internal and external environmental factors including the business impact of the overall tourism industry decline due to the impact of current pandemic and they do not intend either to liquidate or to cease trading.

However, the Group has incurred loss of Rs. 266, 361, 089/- during the year and the current liabilities of the Group exceed current assets by Rs. 494,675,447/- as at the reporting date. This resulted due to the cancellation of bookings due to the Easter Sunday Attack in April 2019 and the current pandemic. Further, due to the prevailing situation of the country, the Hotels of the Group has operated with zero occupancy in the months of April and May 2020. Most of the European and East Asian countries fully or partially lock down at the moment and with that any kind of travelling has been fully or partially stopped. Also, the government of Sri Lanka has imposed various travel restrictions and guidelines for the tourism sector. Due to these factors, the management expects significant drop of occupancy for the ensuing year and to pick up business in the later part of the year through the local customers.

In response to the current pandemic, the Management is being negotiated with travel agents to commence the business once the pandemic gets managed. Management expects for some local business coming in after Sri Lankan government releasing its travel restrictions within the country and with that, the Management expects for some local holiday makers will start making bookings after 01 June 2020. During this slack period the Group has taken measures taken to minimize the operational cost and defer the loan repayments in order to manage the cash flows of the Group.

The Board believes that Group's resources including cash and short-term deposits, unutilized borrowing facilities and working capital loans granted under Covid 19 relief measures proposed by Central Bank of Sri Lanka are adequate to carry out the operations for foreseeable future and to serve the debts of the Group. Based on the cash flow evaluations carried out by the Management, the Board of Directors are of the view there is no material uncertainty about the Group's ability to continue as going concern.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of Consolidation

The consolidated Financial Statements encompass the Company, its Subsidiaries (together referred to as the "Group")

Subsidiaries are disclosed in Note 20 to the financial statements. Investment subsidiaries are carried at cost less impairments (refer note 20) in the separate financial statements.

### 3.2 Subsidiaries

Subsidiaries are those entities controlled by the group. Control is achieved when the group is exposed, or rights, to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary, if acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of Other comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the Non-Controlling Interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

### 3.3 Business Combination and Goodwill

Business Combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether to measure the non-controlling interest in the acquiree either at fair value or

# Accounting Policies Contd...

at the proportionate share of the acquiree's identifiable net assets. Transaction costs, other than those associated with the issue of debt or equity securities that the group incurs in connection with a business combination are expensed and included in administrative expenses.

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss recognized in Statement of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the Statement of Profit or Loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in the Statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

## 3.4 Functional and Presentation Currency

The Group's Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs), which is the functional and presentation currency of the Group.

### *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Foreign currency differences arising on retranslation are recognized in the statement of profit or loss other than for cash flow hedges described in note 3.14.4 and note 27.3 All other differences arising on settlement or translation of monetary items are taken to statement of profit or loss.

## 3.5 Current versus non-current classification

The Group presents assets and liabilities in Statement of Financial Position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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 a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

### 3.6 Fair value measurement

The Group measures financial instruments such as investments which are designated as fair value through Other Comprehensive Income (O $\pm$ I) and at fair value through profit or loss and non-financial assets such as owner-occupied land, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 15, 16 & 21
- Quantitative disclosures of fair value measurement hierarchy Note 15
- Property(land) under revaluation model Note 16
- Financial instruments (including those carried at amortized cost) Note 21

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

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

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

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

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

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

### 3.7 Income and Gains

#### 3.7.1 Revenue from Contracts with Customers

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

Amaya Leisure PLC's gross revenue comprises provision of management and marketing services to its subsidiaries and managing entities and the Group's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities.

#### Management and Commission Income

Management and Commission Income is recognized based on the terms in the related contracts and is recognized as the services are performed.

#### Room Revenue

Room revenue is recognized on rooms occupied on daily basis.

#### Sale of Food and Beverages

Revenue from sale of food and beverages is recognized at the point in time when control is transferred to the customer, generally on delivery of the goods.

#### Other Hospitality related Services

Other hospitality related services are recognized as the services are performed.

# Accounting Policies Contd...

## 3.7.2 Finance income

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in Statement of Profit or Loss.

Foreign currency gains and losses are reported on a net basis other than for exchange loss recognized based on the ineffective portion of the cash flow hedge.

## 3.7.3 Dividend Income

Dividend income is recognized in Statement of profit or loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

## 3.7.4 Rental income

Rental income is recognized in Statement profit or loss as it accrues.

## 3.7.5 Gains and losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognized net within "other income" in profit or loss.

## 3.7.6 Other Income

Other income is recognized on an accrual basis.

## 3.8 Expenses

Expenses are recognized in the Statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to the Statement of profit or loss in the year in which the expenditure is incurred.

## 3.9 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset.

## 3.10 Finance costs

Finance costs comprise interest expense on borrowings, exchange loss on foreign currency loans and changes in the fair value of financial assets at fair value through profit or loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## 3.11 Tax expense

Tax expense comprises current income tax, dividend tax and deferred tax. Current tax and deferred tax are recognized in statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

### Current Tax

Current income tax assets or liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax relating to items recognized directly in Other Comprehensive Income is recognized in Other Comprehensive Income and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred Tax

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

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

ax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the statement of profit or loss.

#### Dividend Tax

Tax on dividend income from subsidiaries is recognized as an expense in the consolidated statement of profit or loss at the same time as the liability to pay the related dividend is recognized.

#### Sales tax

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

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Receivables and payables that are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 3.12 Property, Plant and Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services and for administration purpose and are expected to be used for more than one year.

Property, Plant and Equipment is recognized if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Items of Property, Plant & Equipment including construction in progress are measured at cost net of accumulated impairment losses, if any, except for land which is measured at fair value.

The cost of Property, Plant & Equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

When significant parts of Plant and Equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in other comprehensive Income and credited to the asset revaluation reserve in equity, however, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the statement of profit or loss, the increase is recognized in the statement of profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

The cost of replacing a component of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized in accordance with the derecognition policy given below.

Costs of the repair & maintenance of Property, Plant and Equipment are recognized in statement of profit or loss as incurred.

The carrying amount of an item of Property, Plant and Equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gains and losses on derecognition are

# Accounting Policies Contd...

recognized (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in statement of profit or loss and gains are not classified as revenue.

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

Description	Period
Lease hold right to land	over the lease period
Buildings	50 years
Roof	30 years
Bathroom and Toilets	10 years
Furniture and Fittings	15 years
Plant and Machinery	15 years
Air-conditioners	15 years
Kitchen Equipment's	15 years
Office Equipment's	15 years
Computer Equipment's	05 years
Linen, Crockery and cutlery	04 years
Fixtures and Fittings	15 years
Motor Vehicles	05 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

## 3.12.1 Leased assets

### Accounting policy applied up to 31 March 2019

The determination of whether an arrangement is, (or contains), a lease is based on the substance of the arrangement at inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

### Accounting policy applied from 1 April 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

#### ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments



made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings.

iii) **Short-term leases and leases of low-value assets**

The Group does not apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions during the year for any lease contracts.

**3.13 Intangible assets**

**3.13.1 Basis of Recognition**

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

**3.13.2 Basis of measurement**

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

**3.13.3 Useful economic lives and Amortization**

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**3.13.4 De-recognition of Intangible Assets**

Intangible assets are de-recognized on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

**3.13.5 Leasehold Rights**

In respect of operating leases acquired under a business combination where the Group is lessee, Group determines whether the terms of each operating lease are favorable or unfavorable relative to market terms. The Group recognizes an intangible asset if the terms of an operating lease are favorable relative to market terms and a liability if the terms are unfavorable relative to market terms. Leasehold rights represent value of favorable lease terms.

**3.13.6 Subsequent Expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of profit or loss as incurred.

**3.13.7 Amortization**

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill from the date on which they are available for use.

**3.14 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

**3.14.1 Financial assets**

**3.14.1.1 Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

# Accounting Policies contd...

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

## 3.14.1.2 Subsequent measurement

For purpose of subsequent measurement of financial assets are classified in four categories:

- Financial Assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

### Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade and other receivables

### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in finance income or finance costs in the statement of profit or loss.

## 3.14.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired. Or:
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



#### 3.14.1.4 Impairment of financial assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 3.14.2 Financial Liabilities

#### 3.14.2.1 Initial recognition and measurement

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

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

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

#### 3.14.2.2 Subsequent measurement

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

##### Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

#### 3.14.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different

terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### 3.14.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognized amounts and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

### 3.14.4 Cash Flow Hedges

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

For cash flow hedges, designated and qualified the effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. When the hedge cash flow affect the income statement, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the income statement. When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meet the criteria for hedge accounting, any cumulative gains/losses existing in other comprehensive no longer expected to occur, the cumulative gains/loss was reported in other comprehensive income is immediately transferred to the income statement.

# Accounting Policies Contd...

## 3.14.5 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 14.

## 3.15 Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Food and Beverages	} Weighted Average Basis
House Keeping and Maintenance	
Printing and Stationary	
Consumables and Other	

Net realizable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

## 3.16 Cash and cash equivalents

Cash in hand and at bank and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## 3.17 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when

annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognized in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

### 3.18 Employee Benefits

#### 3.18.1 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 will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an employee benefit expense in statement of profit or loss in the periods during which services are rendered by employees.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

#### 3.18.2 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 28. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, 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.

The liability is not externally funded. The settlement of the liability would be made based on the half of the last month salary drawn in to number of years completed.

Actuarial gains or losses are recognized in full in Other Comprehensive Income.

#### 3.18.3 Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### 3.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount

of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### 3.20 Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

## 4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied SLFRS 16; Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

The Group adopted SLFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 April 2019. Cumulative effect of applying the standard is recognized as an adjustment to the opening balance of retained earnings at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying LKAS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). However, there were no any short-term leases or low value leases were identified.

# Accounting Policies contd...

The Group has lease contracts with Sri Lanka Tourism Development Authority (SLTDA) for Hotel lands and leases for motor vehicles from Hatton National Bank and lease of office premises with private entities. Leases of Hotel lands have lease terms between 45 to 60 years and can be extended with agreement with both parties, motor vehicles have lease terms of 5 years and office premises for 3 years. For Motor vehicles, the Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The effect of adopting SLFRS 16 is, as follows:

*Impact on Statement of financial position as at the date of adoption (01 April 2019)*

	Group	Company
Assets	Rs.	Rs.
Right of use assets (Note A)	83,562,893/-	20,837,498/-
Prepayments on leasehold properties (Note B)	(59,239,123/-)	-
<b>Total assets</b>	<b>24,323,766/-</b>	<b>20,837,498/-</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Retained earnings (Note A)	(4,806,578/-)	(4,118,308/-)
Non-Controlling Interest	(538,811/-)	-
<b>Total equity</b>	<b>(5,345,389/-)</b>	<b>(4,118,308/-)</b>
<b>Liabilities</b>		
Lease liabilities (Note A)	82,754,230/-	24,955,807/-
Trade and other payables	(53,085,075)	-
<b>Total liabilities</b>	<b>29,669,155/-</b>	<b>24,955,807/-</b>
<b>Total Equity and Liabilities</b>	<b>24,323,766/-</b>	<b>20,837,308/-</b>

**Note A** - On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The liability were measured at the present value of the lease payments at the inception date, discounted using the lessee's incremental borrowing rate. The Group's incremental borrowing rate applied to the lease liabilities was 12% - 13%. There were no variable lease rentals. Lease liabilities were recognised to the extent of present value of future lease commitments and included under Interest bearing loans and borrowings. Net impact from the lease inception date to the date of transition to SLFRS 16 has been adjusted to the opening retained earnings.

**Note B** – Prepayments on lease hold properties and payables related to previous operating leases were derecognised at the date of transition.

## Presentation of Financial Statements

Right-of-use assets were recognised and presented separately in the statement of financial position. Additional lease liabilities were recognised and included under Interest bearing loans and borrowings.

There is no impact to the comparative statement of profit or loss, cash flows and earnings per share as the Group has adopted the SLFRS 16 using Modified retrospectives approach.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with SLFRS/ LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

### Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to good will recognized by the Group.

The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in Note 19.

### Measurement of the Employee Benefit Obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the

defined retirement benefit obligations are given in note 29. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

#### **Revaluation of Land**

The Group measures lands which are recognized as Property, Plant & Equipment at revalued amount with change in value being recognized in the Statement of Other comprehensive income. The valuer has used valuation techniques such as open market value. Further details on revaluation of land are disclosed in Note 15 and 16 to the consolidated financial statements.

#### **Provision for expected credit losses of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. Management considered 100% ECL for debtors aged more than 365 days in determining the provision matrix for ECL.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The Group has considered the current decline in the tourism industry due to the impact of Covid19 pandemic in determining the provisioning under ECL. The Management has monitored the effect of the global economic downturn to its travel agents through frequent discussion with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly.

#### **Leases - Estimating the incremental borrowing rate for discounting lease commitments**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and making certain entity-specific adjustments based on the type, terms and conditions of the lease.

## **6. NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### **SLFRS 17 Insurance Contracts**

SLFRS 17; Insurance Contracts, is issued by the CA Sri Lanka and up to the date of issuance of the Group financial statements that standard is not effective. SLFRS 17 is effective from 01 January 2021. However, the adoption of SLFRS 17 does not expecting to have an impact on the Group financial statements.

#### **Amendments to SLFRS 3: Definition of a Business**

The Institute of Chartered Accountants of Sri Lanka issued amendments to the definition of a business in SLFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

#### **Amendments to LKAS 1 and LKAS 8: Definition of Material**

The Institute of Chartered Accountants of Sri Lanka issued amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

# Notes to the Financial Statements

7. REVENUE	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue from contracts with customers (Note 7.1)	1,246,899,513	1,667,446,897	107,063,286	172,326,103
Tourism Development Levy	(12,554,740)	(16,451,587)	-	-
Turnover Tax	(6,565,552)	(4,763,494)	-	-
Effect of Cash Flow Hedge	(1,827,799)	(2,368,442)	-	-
	1,225,951,422	1,643,863,373	107,063,286	172,326,103

## 7.1 Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time/the period of stay and at a point in time in the following major categories

### Over time/period of stay

Management Fee	-	26,320,728	2,400,000	28,720,728
Commission Income	48,425,648	70,275,823	104,663,286	143,605,375
Apartment Revenue	571,521,697	839,511,159	-	-

### At a point in time

Restaurant Sales	427,396,912	507,067,373	-	-
Bar Sales	75,989,219	102,568,634	-	-
Banquet Sales	72,757,979	60,130,079	-	-
Health Centre sales	50,808,059	59,517,173	-	-
Club Sales	-	2,055,928	-	-
	1,246,899,513	1,667,446,897	107,063,286	172,326,103

Contract liabilities and its movement is disclosed in Note 30.1 to the financial statements.

8. OTHER INCOME AND GAINS	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Rent Income	4,441,404	4,924,742	-	-
Vehicle hiring and other hotel operating incomes	18,973,501	29,676,064	-	-
Payable written back	3,051,754	10,942,240	-	-
Profit on Disposal of Property, Plant and Equipments	2,086,957	-	2,086,957	-
Dividend Income	2,176,933	1,133,413	2,176,933	2,131,681
	30,730,548	46,676,459	4,263,889	2,131,681

9. GAIN ON REALIZATION OF INVESTMENTS	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit on disposal of Investment at Fair Value Through Profit or Loss	-	90,556,525	-	90,556,525
	-	90,556,525	-	90,556,525

On 14th January 2019, Amaya Leisure PLC sold 899,000 ( 15.98% ) ordinary shares of Hunas Falls Hotels PLC to Serenity Lake Leisure ( Private ) Limited at Rs 187/- per share. The resulting gain on the disposal of shares is amounting to Rs. 90,556,525/- has recognized in the statement of profit or loss.

10.	IMPAIRMENT OF INVESTMENT IN SUBSIDIARY	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
	On Sun Tan Beach Resorts Limited	-	-	130,303,452	151,309,478
		-	-	130,303,452	151,309,478

Amaya Leisure PLC recorded an impairment of Rs. 130,303,452/- (2019 - 151,309,478/-) in relation to the investment made in Sun Tan Beach Resorts Ltd. The impairment was recorded considering the losses recorded by Sun Tan Beach Resorts Limited upto 31 March 2020 based on the discounted cash flow model (further details provided on Note 19)

## 11. FINANCE COST AND INCOME

11.1	Finance Cost	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
	Interest Expenses on Bank Overdrafts	21,670,979	20,380,857	9,287	222,549
	Interest Expenses on Lease liabilities	3,945,605	-	3,119,476	-
	Exchange Loss on USD Loan	3,045,355	5,511,416	-	-
	Interest Expenses on Bank Loans	139,562,466	145,805,641	-	7,989,536
		168,224,405	171,697,914	3,128,763	8,212,085

## 11.2 Finance Income

Interest Income	24,061,927	19,849,428	19,333,553	17,162,805
Gain on Financial Assets at Fair Value through Profit or Loss	1,104,736	11,477,006	1,929,851	11,477,006
Exchange Gain	4,975,206	2,748,180	2,954,080	2,748,180
	30,141,869	34,074,614	24,217,484	31,387,991

## Notes to the Financial Statements Contd...

12.	PROFIT BEFORE TAX	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
	Stated after Charging				
	<i>Included in Cost of Sales</i>				
	Employees Benefits including the following	159,572,850	138,186,942	-	-
	- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	6,594,936	6,723,448	-	-
	- Defined Contribution Plan Costs - EPF and ETF (included in Employee Benefits)	12,515,201	12,115,338	-	-
	Depreciation	119,055,025	112,728,847	-	-
	<i>Included in Administrative Expenses</i>				
	Employees Benefits including the following	222,028,750	206,290,501	65,368,114	48,614,360
	- Defined Benefit Plan Costs - Gratuity	4,973,269	5,049,443	2,007,756	2,808,294
	- Defined Contribution Plan Costs - EPF and ETF	23,546,598	18,627,641	8,290,671	4,685,401
	Depreciation	52,339,044	64,427,896	7,569,486	3,984,919
	Amortization of Prepaid Operating Lease	-	813,425	-	-
	Directors' Emoluments	49,163,384	49,163,384	49,163,384	49,163,384
	Service Fees	22,509,374	11,098,328	22,509,374	11,098,328
	Auditor's Remuneration	2,950,000	2,869,560	400,000	403,853
	Professional Fees	4,557,130	2,137,170	266,117	305,865
	Charity and Donation	394,359	-	3,000	-
	<i>Included in Selling and Marketing Expenses</i>				
	Advertising Expenses	6,112,579	8,391,745	2,059,592	4,433,705
	Sales Promotional Expenses	20,064,567	19,934,576	-	-



13.	INCOME TAX EXPENSE	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
The major components of income tax expense for the years ended 31 March are as follows :					
Income Statement					
Current Income Tax					
Current Income Tax Charge (Note 13.1)	10,640,592	30,546,768	-		
Under Provision of Current Taxes in respect of prior years	-	151,786	-		89,440
Unrecovered ESC write off	-	1,328,352	-		1,328,352
Dividend tax	-	162,509	-		-
	10,640,592	32,189,415	-		1,417,792
Deferred Income Tax					
Deferred Taxation Charge (Note 13.3)	3,358,610	3,027,578	-		-
Income Tax Expense reported in the Statement of Profit or Loss	13,999,202	35,216,993	-		1,417,792

13.1	A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;				
Accounting Profit before Income Tax	(252,361,887)	270,448,782	(226,617,347)	(70,964,371)	
Disallowed Items	77,876,537	241,111,450	32,935,478	184,244,956	
Allowed Items	(116,791,288)	(231,554,778)	(149,996,307)	(149,996,307)	
Interest Income	(24,061,927)	(2,438,227)	-	-	
Interest Income ( Tax exempted under section 13 (t) )	-	-	-	(17,162,805)	
Tax Losses Related to Group Companies	160,760,843	53,878,527	-	-	
Taxable Profit/(Loss) from Business	(154,577,722)	331,445,754	(343,678,176)	(53,878,527)	
Other Sources of Income					
Interest Income	24,061,927	2,438,227	-	17,162,805	
Rental Income	-	-	-	-	
Taxable Other Income	24,061,927	2,438,227	-	17,162,805	
Total Statutory Income	(130,515,795)	333,883,981	(121,549,359)	17,162,805	
Tax Losses Brought Forward and utilized	(20,860,517)	(17,162,805)	(19,333,553)	(17,162,805)	
Total Taxable Income	(151,376,313)	316,721,176	(140,882,912)	-	
Income Tax @ 2% on Turnover	10,079,349	13,126,904	-	-	
Income Tax @ 14% on Taxable Profits	289,933	16,737,160	-	-	
Income Tax @ 28% Taxable Profits	271,310	682,704	-	-	
Current Income Tax Charge	10,640,592	30,546,768	-	-	

## Notes to the Financial Statements Contd...

13.	Income Tax Expense (Contd...)	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
13.2	<b>Tax Losses</b>				
	Tax Losses Brought Forward	449,040,723	412,325,001	428,616,447	391,900,725
	Tax Losses Utilized during the year	(20,860,517)	(17,162,805)	(19,333,553)	(17,162,805)
	Loss incurred during the year	-	53,878,527	-	53,878,527
	<b>Tax Losses Carried Forward</b>	<b>428,180,205</b>	<b>449,040,723</b>	<b>409,282,894</b>	<b>428,616,447</b>

13.3	Deferred Taxation - Group	Statement of Financial Position		Statement of Profit or Loss	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
	<b>Deferred Tax Liability</b>				
	Accelerated depreciation on Property, plant and equipment	131,519,177	128,516,078	3,003,099	3,049,161
	Revaluation surplus on land	8,805,586	8,805,586	-	-
		<b>140,324,763</b>	<b>137,321,664</b>	<b>3,003,099</b>	<b>3,049,161</b>
	<b>Deferred Tax Assets</b>				
	Retirement Benefit Obligation - Through Statement of Profit or Loss	(1,853,369)	(2,208,880)	355,511	(276,320)
	Retirement Benefit Obligation - Through Other Comprehensive Income	(763,467)	(588,557)	-	-
	Trade and Other Receivables	(238,676)	(238,676)	-	254,736
		<b>(2,855,512)</b>	<b>(3,036,113)</b>	<b>355,511</b>	<b>(21,584)</b>
	<b>Deferred Taxation Charge</b>			<b>3,358,610</b>	<b>3,027,578</b>
	<b>Net Deferred Tax Liability</b>	<b>137,469,251</b>	<b>134,285,551</b>		

### 13.3.1 Reconciliation of Deferred Tax Charge

Deferred Tax Charge reported in the Profit or Loss	3,358,610	3,027,578
Deferred Tax Charge reported in Other Comprehensive Income	(174,910)	3,217,263
	<b>3,183,700</b>	<b>6,244,841</b>

### 13.4 Amaya Leisure PLC

The Company has a carried forward tax loss amounting to Rs. 409,282,894/- (2019 - Rs. 428,616,447/-) that is available for six years to offset against future statutory income of the company. A deferred tax asset amounting to Rs. 114,599,210/- (2019 - Rs.120,012,605/-) has not been recognized in respect of this tax loss and other temporary differences

### 13.5 Kandyan Resorts (Private) Limited

As per clause 10 (ii) of the BOI agreement dated 23 March 1994, the Company is liable to pay income tax at the rate of 2% of the turnover for a period of 15 years with effect from 01 April 2012. As the Inland Revenue Act does not apply during the said period, temporary differences do not exist. Therefore deferred tax does not apply.

## 14. EARNINGS/(LOSS) PER SHARE AND DIVIDEND PER SHARE

### 14.1 Earnings/(loss) per share

Earnings/(loss) Per Share is calculated by dividing the net profit/(loss) for the year attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year.

The following reflects the income and share data used in the earnings/(loss) per share computations.

14.1.1 Amount used as the Numerator:	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit/(loss) for the year	(266,361,089)	235,231,789	(226,617,347)	(72,382,163)
(Profit)/Loss attributable to Non-Controlling Interest	(97,782,705)	(64,465,433)	-	-
Profit attributable to Ordinary Shareholders of Parent Company for Basic / Diluted Earnings per Share	(168,578,384)	299,697,222	(226,617,347)	(72,382,163)

### 14.1.2 Number of Ordinary Shares used as the Denominator

Weighted Average Number of Ordinary Shares in issue applicable to Basic / Diluted Earnings or loss per share	53,994,979	53,994,979	53,994,979	53,994,979
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14.2 DIVIDENDS	Group / Company	
	2020 Rs.	2019 Rs.
Equity dividends on ordinary shares:		
Cash Dividend Rs.1 & 2.50 Per Share (Gross)	-	186,863,910
Scrip Dividend Rs.2.00 Per Share (Gross) *	-	103,753,952

\* Scrip Dividends represents the value of additional shares issued as interim dividends for the year ended 31 March 2019. Accordingly the Company has issued 2,118,003 of share in the proportion of 1:25.Per Share dividend of Rs.2.00/- on 21st August 2018 derived based on the market price of the Company Shares.

## Notes to the Financial Statements Contd...

### 15. FAIR VALUE MEASUREMENT

#### 15.1 The following table provides the fair value measurement hierarchy of the Group's assets.

Fair value measurement hierarchy for assets as at 31 March 2020 and 2019:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Rs.	Rs.	Rs.	Rs.
Assets measured at fair value:					
As at 31 March 2020					
Non-Financial Assets					
Land (Note 16)	31 March 2020	795,900,000	-	-	795,900,000
Non-Financial Assets as at 31 March 2020		795,900,000	-	-	795,900,000
Financial Assets					
Fair value through profit or loss (Note 21.1)					
Quoted Investment in Equity Securities	31 March 2020	20,923,403	20,923,403	-	-
Total Fair Value through profit or loss financial assets		20,923,403	20,923,403	-	-
Fair value through OCI financial assets (Note 21.2)					
Quoted Investment in Equity Securities	31 March 2020	29,157,441	29,157,441	-	-
Total Fair Value through OCI financial assets		29,157,441	29,157,441	-	-
Total Financial Assets		50,080,843	50,080,843	-	-
As at 31 March 2019					
Non-Financial Assets					
Land (Note 16)	31 March 2019	795,900,000	-	-	795,900,000
Non-Financial Assets as at 31 March 2019		795,900,000	-	-	795,900,000
Financial Assets					
Fair Value through profit or loss (Note 21.1)					
Quoted Investment in Equity Securities	31 March 2019	18,993,554	18,993,554	-	-
Total Fair Value through profit or loss financial assets		18,993,554	18,993,554	-	-
Fair value through OCI financial assets (Note 21.2)					
Quoted Investment in Equity Securities	31 March 2019	30,774,400	30,774,400	-	-
Total Fair Value through OCI financial assets		30,774,400	30,774,400	-	-
Total Financial Assets		49,767,954	49,767,954	-	-

15. Fair value measurement - (Contd...)

15.2 The following table provides the fair value measurement hierarchy of the Company's assets.

Fair value measurement hierarchy for assets as at 31 March 2020 and 2019:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Rs.	Rs.	Rs.	Rs.
Assets measured at fair value:					
As at 31 March 2020					
Financial Assets					
Fair Value through profit or loss (Note 21.1)					
Quoted Investment in Equity Securities	31 March 2020	20,923,403	20,923,403	-	-
Total Fair Value through profit or loss financial assets		20,923,403	20,923,403	-	-
Fair value through OCI financial assets (Note 21.2)					
Quoted Investment in Equity Securities	31 March 2020	29,157,440	29,157,440	-	-
Total Fair Value through OCI financial assets		29,157,440	29,157,440	-	-
Total Financial Assets		50,080,843	50,080,843	-	-
As at 31 March 2019					
Financial Assets					
Fair Value Through Profit or Loss ( Note 21)					
Quoted Investment in Equity Securities	31 March 2019	18,993,554	18,993,554	-	-
Total Fair Value Through Profit or Loss		18,993,554	18,993,554	-	-
AFS Financial Assets (Note 21.2)					
Quoted Investment in Equity Securities	31 March 2019	30,774,400	30,774,400	-	-
Total Available for Sale		30,774,400	30,774,400	-	-
Total Financial Assets		49,767,954	49,767,954	-	-

15.3 Fair Value of financial assets

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	Carrying Amount		Fair Value	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Financial assets				
Other financial assets				
- Fair Value through profit or loss Investments	25,653,378	25,653,378	20,923,403	18,993,554
- Fair Value through other comprehensive income Investments	62,070,400	62,070,400	29,157,440	30,774,400
<b>Total</b>	<b>87,723,777</b>	<b>87,723,777</b>	<b>50,080,843</b>	<b>87,723,777</b>

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## Notes to the Financial Statements Contd...

### 16. PROPERTY, PLANT AND EQUIPMENT

16.1	Group	Balance As at 01.04.2019 Rs.	Additions Rs.	Transfers/ Disposal Rs.	Balance As at 31.03.2020 Rs.
16.1.1	Gross carrying amounts				
	At Cost or Valuation				
	Freehold Land	795,900,000	-	-	795,900,000
	Freehold Buildings	893,506,588	29,572,606	-	923,079,194
	Building on Leasehold Land	2,784,360,931	-	-	2,784,360,931
	Road Network	32,498,582	-	-	32,498,582
	Furniture and Fittings	392,901,903	13,681,964	-	406,583,867
	Plant and Machinery	322,708,141	10,021,696	-	332,729,837
	Air Conditioners	159,242,706	5,172,497	-	164,415,204
	Kitchen Equipment	149,596,771	3,374,001	-	152,970,772
	Office Equipment	7,403,317	-	-	7,403,317
	Computer Equipment	75,778,746	5,294,057	-	81,072,803
	Crockery and Cutlery	94,946,178	7,428,802	(59,739,013)	42,635,967
	Linen	101,068,224	10,756,384	(74,341,555)	37,483,054
	Fixtures and Fittings	97,104,435	-	-	97,104,435
	Motor Vehicles	76,213,752	23,900,000	(11,345,000)	88,768,752
		5,983,230,276	109,202,008	(145,425,567)	5,947,006,716
	In the Course of Construction				
		Balance As at 01.04.2019 Rs.	Incurred during the year Rs.	Transfers/ Disposal Rs.	Balance As at 31.03.2020 Rs.
	Building Work in Progress	56,757,465	8,166,536	(29,821,293)	35,102,709
		56,757,465	8,166,536	(29,821,293)	35,102,709
	Total Gross Carrying Amount	6,039,987,740	117,368,544	(175,246,860)	5,982,109,424

Depreciation	Balance As at 01.04.2019 Rs.	Charge for the year Rs.	Transfers/ Disposal Rs.	Balance As at 31.03.2020 Rs.
<b>At Cost or Valuation</b>				
Freehold Buildings	143,073,874	19,101,782	-	162,175,655
Building on Leasehold Land	329,449,787	57,781,268	-	387,231,056
Road Network	8,059,224	1,624,960	-	9,684,184
Furniture and Fittings	157,714,795	26,260,981	-	183,975,776
Plant and Machinery	142,509,854	21,756,223	-	164,266,077
Air Conditioners	56,875,131	6,423,873	-	63,299,004
Kitchen Equipment	72,438,071	10,225,268	-	82,663,339
Office Equipment	3,537,863	1,081,213	-	4,619,077
Computer Equipment	65,162,429	4,329,035	-	69,491,464
Crockery and Cutlery	85,983,321	3,990,104	(59,739,013)	30,234,413
Linen	81,987,797	9,194,648	(74,341,555)	16,840,890
Fixtures and Fittings	45,100,755	6,002,277	-	51,103,031
Motor Vehicles	76,213,752	3,585,000	(11,345,000)	68,453,752
<b>Total Depreciation</b>	<b>1,268,106,653</b>	<b>171,356,632</b>	<b>(145,425,567)</b>	<b>1,294,037,717</b>



## Notes to the Financial Statements Contd...

### 16. Property, Plant and Equipment (Contd...)

Net Book Value	2020 Rs .	2019 Rs.
<b>At Cost or Valuation</b>		
Freehold Land	795,900,000	795,900,000
Freehold Buildings	760,903,539	750,432,714
Building on Leasehold Land	2,397,129,876	2,454,911,144
Road Network	22,814,398	24,439,358
Furniture and Fittings	222,608,091	235,187,109
Plant and Machinery	168,463,761	180,198,288
Air Conditioners	101,116,199	102,367,575
Kitchen Equipment	70,307,433	77,158,700
Office Equipment	2,784,240	3,865,454
Computer Equipment	11,581,339	10,616,317
Crockery and Cutlery	12,401,555	8,962,857
Linen	20,642,164	19,080,429
Fixtures and Fittings	46,001,404	52,003,680
Motor Vehicles	20,315,000	-
	<b>4,652,968,996</b>	<b>4,715,123,622</b>
<b>In the Course of Construction</b>		
Building Work in Progress	35,102,709	56,757,465
	<b>35,102,709</b>	<b>56,757,465</b>
<b>Total Carrying Amount of Property , Plant and Equipment</b>	<b>4,688,071,704</b>	<b>4,771,881,087</b>

16.1.1 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 87,547,251/- (2019 - Rs. 74,972,228/-) including cost incurred on capital work in progress of which Rs. 8,166,536/- (2019 Rs. 25,457,908/-). Cash payments amounted to Rs. 87,547,251/- (2019 - Rs.74,972,228/-) were made during the year for purchase of Property, Plant and Equipment.

16.1.2 Information on the Freehold Land, Freehold Buildings, Leasehold Land and Buildings on Leasehold Land of the Group is as follows;

Company	Location	Ownership	Extent	No of Buildings
Culture Club Resorts (Private) Limited	Dambulla	Freehold	0.406 Hectares	105
	Dambulla	Leasehold	8.094 Hectares	-
Kandyan Resorts (Private) Limited	Kandy	Freehold	4.82 Hectares	10
Sun Tan Beach Resorts Limited	Passikudah	Leasehold	3.9 Hectares	7

### 16.1.3 Revaluation of land

Freehold lands of the Group were revalued by Messers. P.B. Kalugalagedara, an independent valuer and consultant in report dated 31 March 2019. Fair value of lands were determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific property. Management has determine that the carrying value of the land approximate the fair value as at 31 March 2020.

Fair Value Measurement disclosures for revalued lands are provided in note 15.

#### Significant unobservable valuation

Price per perch	Range
- Kandyan Resorts (Pvt) Ltd	Rs.500,000/- - Rs. 625,500/-
- Culture Club Resorts (Pvt) Ltd	Rs.12,500/- - Rs.15,000/

If lands were measured using the cost model, the carrying amount would be Rs. 127,587,077/-.

Company	Balance As at 01.04.2019 Rs.	Additions Rs.	Transfers/ Disposals Rs.	Balance As at 31.03.2020 Rs.
<b>Gross carrying amounts</b>				
<b>At Cost</b>				
Motor Vehicles	18,495,000	23,900,000	(4,995,000)	37,400,000
Furniture and Fittings	11,207,512	3,187,454	-	14,394,966
Office Equipment	5,986,359	2,729,987	-	8,716,346
Computer Equipment	13,638,900	-	-	13,638,900
<b>Total Gross Carrying Amount</b>	<b>49,327,771</b>	<b>29,817,441</b>	<b>(4,995,000)</b>	<b>74,150,212</b>
<b>Depreciation</b>				
	Balance As at 01. 04. 2019 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2020 Rs.
<b>At Cost</b>				
Motor Vehicles	18,495,000	3,585,000	(4,995,000)	17,085,000
Furniture and Fittings	1,691,613	1,908,053	-	3,599,666
Office Equipment	2,549,662	809,604	-	3,359,266
Computer Equipment	9,073,021	1,266,828	-	10,339,849
<b>Total Depreciation</b>	<b>31,809,295</b>	<b>7,569,485</b>	<b>(4,995,000)</b>	<b>34,383,781</b>

## Notes to the Financial Statements Contd...

### 16 Property, Plant and Equipment (Contd...)

Net Book Values	2020 Rs.	2019 Rs.
<b>At Cost</b>		
Motor Vehicles	20,315,001	-
Furniture and Fittings	10,795,300	9,515,899
Office Equipment	5,357,080	3,436,697
Computer Equipment	3,299,051	4,565,879
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>39,766,432</b>	<b>17,518,475</b>

- 16.2.1 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 29,817,441/- (2019 - Rs.3,004,190/-). Cash payments amounted to Rs. 29,817,441/- (2019 - Rs.3,004,190/-) were made during the year for purchase of Property, Plant and Equipment.

### 17. RIGHT OF USE ASSETS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Leasehold Lands	9,152,074	-	-	-
Leasehold Buildings	5,209,375	-	5,209,375	-
Leasehold Motor Vehicles	8,990,000	-	-	-
	<b>23,351,449</b>	<b>-</b>	<b>5,209,375</b>	<b>-</b>

Note 4 note 31.2 provides the further details of the lease contracts.

### 17.1 Nature of the leasehold properties

	Lessor	Lease Term	Annual Rental 2020	Annual Rental 2019
<b>Lands</b>	SLTDA/ Mahaweli Authority	1992 - 2042	639,600	639,600
Building	Overseas Reality (Ceylon) PLC	2018 - 2020	20,526,888	18,980,355
Motor Vehicles	HNB	2020 - 2022	551,820	-

17.2 Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Additions as Initial recognition of right of use assets	24,323,765	-	20,837,499	-
Transferred from prepayment on leasehold property	59,239,123	-	-	-
Total at the date of transition, 01 April 2019	83,562,889	-	20,837,499	-
Additions during the period	9,300,000	-	-	-
Derecognitions (Note 17.4)	(53,085,075)	-	-	-
Depreciation expenses	(16,426,364)	-	(15,628,124)	-
<b>As at 31 March 2020</b>	<b>23,351,449</b>	<b>-</b>	<b>5,209,375</b>	<b>-</b>

	Lands	Buildings	Motor Vehicles	Total
Additions as Initial recognition of right of use assets	3,486,266	20,837,499	-	24,323,765
Transferred from prepayment on leasehold property	59,239,123	-	-	59,239,123
Total at the date of transition, 01 April 2019	62,725,390	20,837,499	-	83,562,889
Additions during the period	-	-	9,300,000	9,300,000
Depreciation expenses	(488,240)	(15,628,124)	(310,000)	(16,426,364)
Derecognitions (Note 17.4)	(53,085,075)	-	-	(53,085,075)
<b>As at 31 March 2020</b>	<b>9,152,074</b>	<b>5,209,375</b>	<b>8,990,000</b>	<b>23,351,449</b>

17.3 The following are the amounts recognized in profit or loss in respect of ROU Assets and related Lease liabilities:

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Depreciation expense of right-of-use assets	16,426,364	-	15,628,124	-
Interest expense on lease liabilities	3,945,605	-	3,119,476	-
<b>Total amount recognized in profit or loss</b>	<b>20,371,969</b>	<b>-</b>	<b>18,747,600</b>	<b>-</b>

17.4 Derecognitions

In relation to the lease agreements Sun Tan Beach Resorts Limited, the company has requested and agreed the extension fees with SLTDA based on the terms specified in the original agreement to extend the lease hold right to 99 years. However during the year, SLTDA wish to revise the terms pertaining to the extension fees. Accordingly ROU assets and related liability has been derecognized during the year. Resulting difference has been recognized in the statement of profit or loss during the year.

## Notes to the Financial Statements Contd...

### 18. PREPAYMENT ON LEASEHOLD PROPERTY

	Group	
	2020 Rs.	2019 Rs.
As at 1 April	59,239,123	60,052,548
Transferred to ROU assets	(59,239,123)	-
Amortization for the year	-	(813,425)
De-recognition due to lease modifications	-	-
As at 31 March	-	59,239,123

Prepaid lease rentals paid to acquire the land use rights of Culture Club Resorts (Private) Limited which is situated at Dambulla, and the Sun Tan Beach Resorts Limited which is situated in Passikudah have been classified as Prepayment on leasehold property in the prior year. On the date of transition to SLFRS 16, the the Group has transferred the prepayments made on leasehold properties to measurement of ROU assets.

### 19. INTANGIBLE ASSETS - GROUP

	2020 Rs.	2019 Rs.
Goodwill on Business Combinations	137,863,688	137,863,688
	137,863,688	137,863,688

The Goodwill recognized on acquisition of Sun Tan Beach Resorts Limited in year ended 31 March 2015 has classified as intangible assets.

#### Impairment assessment of Goodwill

The Group performed its annual impairment test in 31 March 2020 and 2019. Impairment test was based on the Value in use calculation of Sun Tan Beach Resort Limited. The value in sue calculation is based on a discounted cash flow model.

The cash flows are derived from the most recent budget and do not included the restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generated unit being tested. In addition, the overall decline in the tourism industry due to the current pandemic also considered in developing the budget as the tourism industry may take reasonable time to recovered and accordingly management projected approximately 50% decrease in revenue in the 1st year whereas historical growth of revenue was 17%. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

**The key assumptions used to determine the recoverable amount for the different cash generating units.**

#### Gross Margins

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

#### Discount Rates

The discount rate used is the weighted average cost of capital of the CGU, and is at 13%.

19. INTANGIBLE ASSETS - GROUP *Contd...*

**Inflation**

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

**Volume Growth**

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates immediately subsequent to the budgeted year based on Industry growth rates. Projected volume group from the first year has significantly decreased by 50% compared to the historical growth rates of the CGU due to the current pandemic. Terminal cash flows are extrapolated using 1% growth rate.

**Occupancy**

Occupancy to be decreased to 22% in the ensuing financial year and increased from 22% to maximum of 50% at end of seven years which has projected inline with the historical average occupancy of the Sun Tan Beach Resort Limited.

**Average Room Rates (ARR)**

ARR is expected to be reduced in the first two years and to increase it by averagely 5% thereafter. Depreciation of rupee value against the USD is also considered in determining the ARR.

**Impairment of Investment in Subsidiary**

While no impairment has identified based on the impairment test carried out as described above, an amount of Rs. 130,303,452/- was recognized in relation to the investment in Sun Tan Beach Resorts Limited in the separate financial statements.

20.	INVESTMENT IN SUBSIDIARIES	Holding		Carrying Amount	
		2020 %	2019 %	2020 Rs.	2019 Rs.
20.1	<b>Non-Quoted Investment in Subsidiaries</b>				
	Kandyan Resorts (Private) Limited	100%	100%	323,612,971	323,612,971
	Culture Club Resorts (Private) Limited	100%	100%	392,749,255	392,749,255
	Sun Tan Beach Resorts Limited (Note 20.1.1)	56.09%	56.09%	293,506,612	423,810,064
	Lake Lodge (Private) Limited	80%	80%	24,000,000	24,000,000
	Connaissance Hotel Management (Private) Limited	100%	100%	-	-
	CDC Conventions (Private) Limited	100%	100%	-	-
	Connaissance Air Travels (Private) Limited	100%	100%	-	-
	<b>Total Non-Quoted Investment in Subsidiaries</b>			<b>1,033,868,838</b>	<b>1,164,172,290</b>

20.1.1 Reconciliation of Carrying value of Sun Tan Beach Resorts Limited

Financial information of the subsidiaries that have material Non-Controlling interest is provided below.

	2020 Rs.	2019 Rs.
Opening Balance	423,810,064	575,119,542
Provision for impairment	(130,303,452)	(151,309,478)
Closing balance	293,506,612	423,810,064

## Notes to the Financial Statements Contd...

### 20.2 Material Partly-Owned Subsidiary

Financial information of the subsidiaries that have material Non-Controlling interest is provided below.

Proportion of equity interest held by Non-Controlling interests:

Company Name	Incorporation	2020	2019
Sun Tan Beach Resorts Limited	Sri Lanka	43.91%	43.91%
Lake Lodge (Private) Limited	Sri Lanka	20%	20%

Accumulated balances of Material Non-Controlling Interests

	2020 Rs.	2019 Rs.
Sun Tan Beach Resorts Limited	16,271,787	122,252,871
Lake Lodge (Private) Limited	6,000,000	6,000,000
	<b>22,271,787</b>	<b>128,195,913</b>

#### 20.2.1 The Summarized financial information of the Sun Tan Beach Resorts Limited are provided below

	2020 Rs.	2019 Rs.
<b>Summarized Statement of Financial Position</b>		
Current Assets	124,146,596	95,082,293
Non Current Assets	1,667,199,951	1,774,429,930
Current Liabilities	1,002,196,180	958,051,159
Non Current Liabilities	752,102,743	632,655,024
Total Equity	37,047,624	278,806,041
Attributable to:		
Equity holders of the parent	20,775,837	156,553,170
Non-controlling interest	16,271,787	122,252,871



20.2.1 The Summarized financial information of the Sun Tan Beach Resorts Limited are provided below

	2020 Rs.	2019 Rs.
<b>Summarized statement of profit or loss</b>		
Revenue	256,349,819	342,161,396
Cost of Sales	(214,137,772)	(224,594,004)
Administrative expenses	(100,900,141)	(110,913,599)
Finance costs	(164,761,551)	(163,485,224)
Loss before tax	(231,966,573)	(157,488,101)
Income tax	(301,452)	(389,633)
Loss for the year	(232,268,024)	(146,812,647)
Total comprehensive loss	(240,142,245)	(178,420,021)
Attributable to non-controlling interests	(105,446,447)	(78,344,231)

	2020 Rs.	2019 Rs.
<b>Summarized statement of cash flows</b>		
Cash flow from / (Used in) Operating activities	(104,557,468)	54,855,662
Cash flow Used in Investing activities	(8,613,648)	(448,035)
Cash flow from / (Used in) Financing activities	128,341,676	(89,644,719)
Net decrease in cash and cash equivalents	15,170,560	(35,237,092)

21. OTHER FINANCIAL ASSETS

	Group/Company	
	2020 Rs.	2019 Rs.
<b>Current</b>		
<b>Fair Value Through Profit or Loss</b>		
Quoted Investments in Equity Shares (Note 21.1)	20,923,403	18,993,554
	20,923,403	18,993,554
<b>Non-Current</b>		
<b>Equity instruments designated at fair value through OCI</b>		
Quoted Investments in Equity Shares (Note 21.2)	29,157,441	30,774,400
Non-Quoted Investment in Equity Securities (Note 21.3)	10	10
	29,157,451	30,774,410
<b>Debt instruments at amortized cost</b>		
Related party receivables (Note 21.4)	94,952,850	-
	94,952,850	-
<b>Total other financial assets</b>	<b>145,033,704</b>	<b>49,767,964</b>

## Notes to the Financial Statements Contd...

### 21. OTHER FINANCIAL ASSETS Contd...

	Group/Company	
	2020 Rs.	2019 Rs.
Total current	20,923,403	18,993,554
Total non-current	124,110,301	30,774,410

### 21.1 Fair Value through Profit or Loss

Quoted Investment in Equity Securities						
Group / Company	No. of Shares		Cost	Market Value	Cost	Market Value
	2020	2019	2020 Rs.	2020 Rs.	2019 Rs.	2019 Rs.
The Fortress Resorts PLC	90,075	90,075	646,349	702,583	646,349	900,750
LB Finance PLC	40	40	3,029	4,820	3,029	4,804
Browns Investments PLC	5,320,000	5,320,000	25,004,000	20,216,000	25,004,000	18,088,000
	5,410,115	5,410,115	25,653,378	20,923,403	25,653,378	18,993,554
Fair value adjustment of investments			(4,729,975)	-	(6,659,824)	-
Total Quoted Investments in Equity Securities			20,923,403	20,923,403	18,993,554	18,993,554

### 21.2 Fair Value through OCI

Quoted Investment in Equity Securities						
	No. of Shares		Carrying Value	Market Value	Carrying Value	Market Value
	2020	2019	2020 Rs.	2020 Rs.	2019 Rs.	2019 Rs.
Royal Ceramics Lanka PLC	521,600	521,600	62,070,400	29,157,440	62,070,400	30,774,400
	521,600	521,600	62,070,400	29,157,440	62,070,400	30,774,400
Fair value adjustment of investments			(32,912,960)	-	(31,296,000)	-
Total Quoted Investments in Equity Securities			29,157,441	29,157,441	30,774,400	30,774,400

## 21.2 Fair Value through OCI Contd...

Fair Value of quoted investments designated as fair value through other comprehensive income and fair value through profit or loss are derived from quoted market price of Colombo Stock Exchange (CSE) as at each reporting date. Valuation of current year was based on the CSE closing prices of 20 March 2020 as the CSE was closed due to the pandemic. There is no adjustments made to the closing prices as at 20 March 2020.

## 21.3 Non-Quoted Investment in Equity Securities

	No of Shares		Carrying Value 2020	Carrying Value 2019
	2020	2019	Rs.	Rs.
La Forteresse (Private) Limited	1	1	10	10
<b>Total Non-Quoted Investments in Equity Securities</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>10</b>

Based on the Management's valuation, the fair value changes are immaterial to the financial statements and no adjustments made to the financial statements.

## 21.4 Debt instruments at amortized cost

	2020	2019
	Rs.	Rs.
Luxury Resorts (Private) Limited	94,952,850	-

On 15 March 2020, the Group has made and entered in to agreement with Luxury Resorts (Private) Limited to capitalized USD 500,000 from the receivables to the Amaya Leisure PLC as specified in note 24.1. Through said capitalization Group expects approximately 5% equity investment of the said company. However the number of shares have not been finalized as of the reporting date. Until the date of capitalization is complete, an interest will be charged on the market rates (Monthly AWPLR + 1.5%) on the total outstanding balance.

## 22. OTHER FINANCIAL LIABILITIES

### 22.1 Interest Bearing Loans and Borrowings - Group

	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.	2019 Amount Repayable Within 1 Year Rs.	2019 Amount Repayable After 1 Year Rs.	2019 Total Rs.
Bank Loans (Note 22.1.1)	575,245,143	743,478,707	1,318,723,850	542,399,058	628,746,010	1,171,145,068
Lease Liability (Note 22.1.2)	9,544,240	10,721,611	20,265,851	-	-	-
Bank Overdrafts (Note 25)	229,838,791	-	229,838,791	183,314,636	-	183,314,636
	814,628,174	754,200,319	1,568,828,493	725,713,695	628,746,010	1,354,459,704

## Notes to the Financial Statements Contd...

Interest Bearing Loans and Borrowings - Company						
	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.	2019 Amount Repayable Within 1 Year Rs.	2019 Amount Repayable After 1 Year Rs.	2019 Total Rs.
Lease Liability (Note 22.1.2)	7,548,395	-	7,548,395	-	-	-
Bank Overdrafts (Note 25)	16,260,079	-	16,260,079	-	-	-
	23,808,474	-	23,808,474	-	-	-

### 22.1.1 Bank Loans

	Balance As at 01.04.2019 Rs.	Loans Obtained Rs.	Foreign Currency Conversion Rs.	Repayments Rs.	Balance As at 31.03.2020 Rs.
DFCC Bank PLC	206,270,097	32,047,290	-	(16,382,343)	221,935,043
Hatton National Bank PLC	964,874,971	196,933,079	20,454,662	(85,473,905)	1,096,788,807
	1,171,145,068	228,980,369	20,454,662	(101,856,248)	1,318,723,850

#### Terms and Conditions of the Loans

The repayment terms of borrowing and the security offered to each loan (other than leases) are set out below;

	DFCC - Rs. 400 Mn	HNB - Rs. 280 Mn	HNB - Rs. 125 Mn	HNB - USD 3 Mn	HNB - Rs. 300 Mn
- Rate of Interest	Monthly AWPLR+1%	Weekly AWPLR+0.75%	Monthly AWPLR+1.5%	3 Month LIBOR + 4%	Weekly AWPLR+0.5%
- Term of Repayment (Capital)	Rs. 6,666,667/- P.m	Rs. 4,772,000/- P.m	Rs. 2,668,000/- P.m	USD 57,750 P.m	Rs. 12,905,491/- P.m
- No of Installments	30 Months	44 Months	41 Months	35 Months	Revolving
- Repayment by	September 2022	November 2023	August 2023	February 2023	90 Days renewable
- Security Offered	For all loans - Leasehold Right of the land and Hotel building belongs to Sun Tan Beach Resorts Ltd				

\*Pm - Per Month

22.1.2	Lease Liability	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
	Opening Balance	-	-	-	-
	On Recognition of Right of Use Assets	83,562,889	-	24,955,807	-
	Additions	9,300,000	-	-	-
	Derecognition	(53,893,734)	-	-	-
	Gross payments	(22,648,908)	-	(20,526,888)	-
	Interest accrued on lease liabilities	3,945,605	-	3,119,476	-
	Closing Balance	20,265,851	-	7,548,395	-
	Current	9,544,240	-	7,548,395	-
	Non-Current	10,721,611	-	-	-

23.	INVENTORIES	Group	
		2020 Rs.	2019 Rs.
	Food and Beverages	19,636,542	20,714,143
	Housekeeping and Maintenance	20,971,472	16,140,520
	Printing and Stationery	2,864,282	2,450,606
	Consumable and Other	2,524,184	2,879,466
		45,996,480	42,184,734

Group has closed the Hotels in the last two weeks of the March due to the pandemic but no provision is recognized on above inventory items as the majority contains non-expiry items.

24.	TRADE AND OTHER RECEIVABLES	Company		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
	Trade Receivables	143,501,926	219,374,255	11,322,962	9,477,475
	Less - Impairment made from trade receivables	(18,032,681)	(3,618,618)	-	-
		125,469,245	215,755,637	11,322,962	9,477,475
	Other Receivables	22,900,382	30,580,212	15,761,463	20,199,658
	Other Receivables from Related Parties (Note 24.1)	142,044,493	186,914,295	317,550,253	313,574,512
	Provision for doubtful receivables	-	(7,700,880)	(11,468,392)	(19,169,273)
		290,414,119	425,549,265	333,166,286	324,082,371

## Notes to the Financial Statements Contd...

24.1	Other Receivables from Related Parties	Relationship	Group		Company	
			2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
	Hayleys PLC	Ultimate Parent	48,603	-	-	-
	Connaissance Hotel Management (Private) Limited	Subsidiary	-	-	1,593,187	1,593,187
	CDC Conventions (Private) Limited	Subsidiary	-	-	6,924,293	6,924,293
	Sun Tan Beach Resorts Limited	Subsidiary	-	-	173,333,087	121,857,113
	Connaissance Air Travels (Private) Limited	Subsidiary	-	-	2,950,912	2,950,912
	Fentons Limited	Affiliate	4,060	-	-	-
	The Kingsbury PLC	Affiliate	32,617,646	9,008,650	32,617,646	8,980,250
	Kelani Valley Resorts (Private) Limited	Affiliate	4,580,627	2,189,302	2,324,800	-
	Hayleys Tours (Private) Limited	Affiliate	6,136,544	4,205,073	-	-
	Hayleys Aventura (Private) Limited	Affiliate	16,800	22,500	-	-
	Eastern Hotels (Private) Limited	Affiliate	710,885	220,014	-	-
	Luxury Resorts (Private) Limited	Affiliate	97,806,328	171,268,756	97,806,328	171,268,756
	Singer Sri Lanka PLC	Affiliate	123,000	-	-	-
			142,044,493	186,914,295	317,550,253	313,574,512

Trade and Other Receivables are non interest bearing and generally on 30 - 120 day terms.

24.2 As at 31 March, the ageing analysis of Trade Receivables of Group is as follows,

	Total	Neither past due nor impaired	Past due but not impaired				
			> 60 days	61-120 days	121-180 days	181-365 days	>365 days
2020	125,469,245	20,843,964	61,137,792	32,443,938	8,839,368	2,018,881	185,302
2019	215,755,637	114,086,630	66,167,986	24,086,719	9,245,838	2,100,592	67,872

### Provision Matrix and Impairment of Debtors

- Management has carried out an impairment provision based on the simplified approach of ECL method and no any impairment provision has been accounted for trade debtors as the ECL is insignificant. Management considered 100% ECL for debtors aged more than 365 days in determining the provision matrix for ECL.

- The Group has considered the current decline in the tourism industry due to the impact of Covid19 Pandemic. The Management has monitored the effect of the global economic downturn to its travel agents through frequent discussions with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly. All above receivables are due from well established travel agents and the dues are still within the credit period. The Management has considered the subsequent settlements of receivables and results of negotiations with travel agents on arriving the default rates.

25.	<b>CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT</b>				
		<b>Group</b>		<b>Company</b>	
	<b>Components of Cash and Cash Equivalents</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>Favorable Cash and Cash Equivalent Balances</b>				
	Cash and Bank Balances	172,061,929	158,272,295	66,155,974	41,162,378
	Short Term Deposits	128,843,111	155,240,884	128,843,111	111,218,384
	<b>Unfavorable Cash and Cash Equivalent Balances</b>				
	Bank Overdraft	(229,838,791)	(183,314,636)	(16,260,079)	-
	<b>Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement</b>	<b>71,066,248</b>	<b>130,198,542</b>	<b>178,739,007</b>	<b>152,380,762</b>

The bank overdrafts are secured by the leasehold properties of the Sun Tan Beach Resort Limited. Interest rate on bank overdrafts is AWPLR + 0.5%

Short Term Deposits are held with registered financial institutions have less than 3 months maturity period.

26.	<b>STATED CAPITAL</b>				
		<b>Group/Compny</b>			
		<b>2020</b>		<b>2019</b>	
		<b>Number</b>	<b>Rs.</b>	<b>Number</b>	<b>Rs.</b>
	Fully paid Ordinary Shares (26.1)	53,994,979	909,370,708	53,994,979	909,370,708
		53,994,979	909,370,708	53,994,979	909,370,708

26.1	<b>Fully paid Ordinary Shares</b>				
		<b>Group/Compny</b>			
		<b>2020</b>		<b>2019</b>	
		<b>Number</b>	<b>Rs.</b>	<b>Number</b>	<b>Rs.</b>
	As at 1st April	53,994,979	909,370,708	51,876,976	819,779,170
	Scrip Dividends (Note 14.2)	-	-	2,118,003	89,591,538
	As at 31st March	53,994,979	909,370,708	53,994,979	909,370,708

## Notes to the Financial Statements Contd...

27.	RESERVES		
27.1	Revaluation Reserve	2020 Rs.	2019 Rs.
	On Property, Plant and Equipment		
	As at 01 April	423,793,731	269,099,731
	Revaluation during the year (Note 16.1.3)	-	157,900,000
	Differed tax on revaluations	-	(3,206,000)
	As at 31 March	423,793,731	423,793,731
27.2	FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FVOCI	2020 Rs.	2019 Rs.
	As at 1st April	(31,296,000)	(7,568,544)
	Re-classified to Profit or Loss during the year	-	474,784
	Net Change in Fair Value	(1,616,960)	(24,202,240)
	As at 31st March	(32,912,960)	(31,296,000)
27.3	CASH FLOW HEDGE RESERVE	2020 Rs.	2019 Rs.
	As at 1st April	(17,809,418)	-
	Net Gain /(Loss) on Cash Flow Hedge recognized during the year	(19,237,106)	(34,119,944)
	Transfer to non-controlling interests	7,644,426	13,942,084
	Transfer of Cash Flow Hedge Reserve to Revenue	1,827,799	2,368,442
	As at 31st March	(27,574,298)	(17,809,418)



## 27.4 Nature and purpose of Reserves

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. The unrealized amounts cannot be distributed to shareholders.

The Group has elected to recognize changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized.

The cash flow hedge reserve is used to recognize the effective portion of gains or losses on cash flow hedges. Amounts are subsequently either transferred or reclassified to profit or loss as appropriate. The to the current pandemic, the Group considered the prospective effectiveness of the Cash flow hedge and transferred the ineffective portion to profit or loss during the year.

28.	TRADE AND OTHER PAYABLES	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
	Trade Payables	119,921,793	158,350,539	33,757,390	86,180,410
	Other Payables to Related Parties (Note 28.1)	105,019,215	16,595,836	731,026,479	392,159,328
	Sundry Creditors including Accrued Expenses	88,523,255	163,696,001	13,134,701	26,228,284
		313,464,262	338,642,376	777,918,570	504,568,022

## Notes to the Financial Statements Contd...

28.1	Other Payables to Related Parties		Group		Company	
			2020	2019	2020	2019
	Relationship		Rs.	Rs.	Rs.	Rs.
	Hayleys PLC	Ultimate Parent	90,532,732	12,557,527	89,935,599	12,107,628
	Kandyan Resorts (Private) Limited	Subsidiary	-	-	363,019,759	211,137,112
	Culture Club Resorts (Private) Limited	Subsidiary	-	-	270,966,742	167,905,779
	The Kingsbury PLC	Affiliate	180,739	-	180,739	-
	Hayleys Consumer Products Limited	Affiliate	2,815	2,815	2,815	2,815
	Hayleys Travels (Private) Limited	Affiliate	195,500	321,082	195,500	246,082
	Hayleys Tours (Private) Limited	Affiliate	-	126,850	-	126,850
	Hayleys Business Solutions (Pvt) Ltd	Affiliate	187,585	293,969	62,035	62,035
	Hayleys Agriculture Holdings Limited	Affiliate	98,366	369,644	-	-
	Hayleys Aventura (Private) Limited	Affiliate	572,671	-	-	-
	Mabroc Teas (Pvt) Ltd	Affiliate	166,925	344,352	-	-
	Logiwiz Limited	Affiliate	7,776	7,463	7,776	7,463
	Hayleys Electronics Lighting (Pvt) Ltd	Affiliate	-	60,221	-	-
	Kelanivalley Resorts (Private) Limited	Affiliate	6,913,088	417,817	6,655,514	417,817
	Singer (Sri Lanka) PLC	Affiliate	3,997,771	963,736	-	145,747
	Toyo Cushion Lanka (Pvt) Ltd	Affiliate	760,725	-	-	-
	Delmege Forsyth & Company Limited	Affiliate	102,730	-	-	-
	Creative Polymats (Pvt) Ltd	Affiliate	159,221	-	-	-
	Quality Seeds Co. (Pvt) Ltd	Affiliate	225,965	-	-	-
	Fentons Ltd	Affiliate	914,606	1,130,360	-	-
			105,019,215	16,595,836	731,026,479	392,159,328

29.

RETIREMENT BENEFIT OBLIGATION	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.

**Defined Benefit Obligation - Gratuity**

Defined Benefit Obligation as at the beginning of the year	63,058,279	55,239,619	17,795,202	15,757,294
Employee Transfer	(228,690)	198,580	(228,690)	437,500
Current Service Cost	6,108,957	6,123,086	1,018,150	1,295,762
Interest Cost	5,453,973	5,813,005	989,607	1,677,531.19
Actuarial Loss	5,039,373	670,819	3,316,746	78,634
Benefit paid	(23,415,478)	(4,986,830)	(15,658,358)	(1,451,520)
Defined Benefit Obligation as at the end of the year	56,016,414	63,058,279	7,232,657	17,795,202

The expenses are recognized in the following line items in the statement of profit and loss and other comprehensive income

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Cost of Sales	6,589,661	6,886,648	-	-
Administrative Expenses	4,973,269	5,049,443	2,007,757	2,973,294
Other Comprehensive Income	5,039,373	670,819	3,316,746	78,634
	16,602,303	12,606,910	5,324,503	3,051,928

Messrs. Actuarial & Management Consultants (Private) Limited, an independent actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on March 31, 2020. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2020	2019
Discount Rate	10%	11%
Future Salary Increment Rate	9%	10%
Average Remaining Working Life (Years)	5	5

29.1

**Sensitivity of the principal assumptions used**

	Expected Future Salaries		Discount Rate	
	1% increase	1% decrease	1% increase	1% decrease
Company	Rs.	Rs.	Rs.	Rs.
Change in Present value of Defined Benefit Obligation	777,178	(730,560)	(638,961)	689,968
<b>Group</b>				
Change in Present value of Defined Benefit Obligation	2,823,471	(2,296,545)	(2,002,701)	3,451,692

## Notes to the Financial Statements Contd...

30.	OTHER CURRENT NON-FINANCIAL LIABILITIES	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
	Contract liabilities (Note 30.1)	50,084,582	86,478,954	-	-
	Other Deposits	8,525,240	12,501,216	2,992,180	3,323,380
		58,609,822	98,980,170	2,992,180	3,323,380

### 30.1 Contract liabilities

Opening Balance	86,478,954	-	-	-
Advance received during the year	125,826,511	111,038,049	-	-
Refunds due to cancellation of bookings	(6,048,986)	(1,044,451)	-	-
Setoff against the receivables	(156,171,897)	(23,514,644)	-	-
Closing Balance	50,084,582	86,478,954	-	-

## 31. COMMITMENTS AND CONTINGENCIES

### 31.1 Capital Expenditure Commitments

#### Culture Club Resorts (Private) Limited

Future capital expenditure approved by the Board but, not provided for in the Financial Statements amounting to Nil (2019 - Rs.110 Mn).

#### Kandyan Resorts (Private) Limited

Future capital expenditure approved by the Board but, not provided for in the Financial Statements amounting to Nil (2019 - Rs. 117 Mn).

#### Sun Tan Beach Resorts Limited

Future capital expenditure approved by the Board but, not provided for in the Financial Statements amounting to Nil. (2019 - Rs. 28 Mn).

### 31.2 LEASE COMMITMENTS

The Group has leases contracts for lands, buildings and motor vehicles. Future minimum lease payments under leases contracts together with the present value of the net minimum lease payments are, as follows:

	Group		Company	
	Minimum payments Rs.	Present value of payments Rs.	Minimum payments Rs.	Present value of payments Rs.
Within one year	11,341,226	7,721,470	8,491,944	7,548,395
After one year but not more than five years	11,523,300	1,027,538	-	-
More than five years	8,587,200	11,516,844	-	-
Total minimum lease payments	31,451,726	20,265,852	8,491,944	7,548,395
Less- Amounts representing finance charges	(11,185,874)	-	(943,549)	-
<b>Present value of minimum lease payments</b>	<b>20,265,852</b>	<b>20,265,852</b>	<b>7,548,395</b>	<b>7,548,395</b>

### 31.3 Contingent Liabilities

There are no any contingent liabilities as at the reporting date.

### 32. ASSETS PLEDGED

The following assets have been pledged as securities as at reporting date.

Nature of Assets Pledged	Nature of Liability	Carrying Amount Pledged		Included Under
		2020 Rs.	2019 Rs.	
Leashold Right of the land and Hotel building belongs to Sun Tan Beach Resorts Ltd.	Refer Note 22 & 25	1,391,217,167	1,427,667,876	Property, Plant and Equipment and ROU Assets

# Notes to the Financial Statements Contd...

33

## RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

33.1

### Transaction with the Related Entities

Nature of Transaction	Parent Company		Subsidiary Companies		Other Companies		Total	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b><i>Recurring related party transactions</i></b>								
As at 1 April	(12,107,628)	(690,669)	(257,185,778)	(27,590,025)	179,930,611	106,972,342	(89,362,795)	78,691,647
Rendering/Obtaining Services	(121,616,420)	(59,322,284)	-	-	(10,052,035)	(19,823,419)	(131,668,455)	(79,145,703)
Management Fees	-	-	2,693,551	2,816,327	-	-	2,693,551	2,816,327
Commission Income	-	-	61,651,277	86,049,984	48,473,497	93,023,087	110,124,775	179,073,071
Expenses incurred by the Company on behalf of Others	-	-	6,903,060	5,260,966	15,841,554	-	22,744,613	5,260,966
Dividend	-	-	-	998,269	-	-	-	998,269
Settlement of liabilities by the company on behalf of others	-	-	46,860,244	-	3,550,479	-	50,410,723	-
Settlement of Liabilities by the Company on behalf of Others	-	-	-	33,925,334	-	10,158,685	-	44,084,018
Collection made on behalf of the company	-	-	2,400,000	-	-	-	2,400,000	-
Collections made by the Company on behalf of the Others	-	-	(163,809,194)	(94,640,038)	(129,410,392)	(3,547,342)	(293,219,587)	(98,187,380)
Net Fund Transfers	-	-	(160,166,574)	(264,006,594)	109,687,999	50,753,937	(50,478,574)	(213,252,657)
Settlements by the Company	43,788,449	47,905,325	-	-	7,292,784	22,926,184	51,081,233	70,831,509
Settlements to the Company	-	-	-	-	(4,717,252)	(80,532,862)	(4,717,252)	(80,532,862)
<b>As at 31 March</b>	<b>(89,935,599)</b>	<b>(12,107,628)</b>	<b>(460,653,414)</b>	<b>(257,185,778)</b>	<b>220,597,244</b>	<b>179,930,611</b>	<b>(329,991,769)</b>	<b>(89,362,795)</b>
Included in								
Amount due from Related Party	-	-	173,333,087	121,857,113	132,748,774	180,249,006	306,081,862	302,106,119
Amount due to Related Party	(89,935,599)	(12,107,628)	(633,986,501)	(379,042,891)	(7,104,379)	(318,395)	(731,026,479)	(391,468,914)
Other financial assets	-	-	-	-	94,952,850	-	94,952,850	-
	(89,935,599)	(12,107,628)	(460,653,414)	(257,185,778)	220,597,245	179,930,611	(329,991,768)	(89,362,795)

33.2

### Transactions Carried out by Subsidiaries with other Related Parties

	2020 Rs.	2019 Rs.
As at 1st April	3,185,890	10,616,161
Goods / Services obtained	1,612,196	4,068,643
Settlements made	(3,481,604)	(11,498,914)
<b>As at 31 March</b>	<b>1,316,482</b>	<b>3,185,890</b>

Subsidiaries: Culture Club Resorts (Private) Limited, Kandyan Resorts (Private) Limited, CDC Conventions (Private) Limited, Connaissance Air Travels (Private) Limited, Connaissance Hotel Management (Private) Limited, Sun Tan Beach Resorts Limited and Lake Lodge (Private) Limited

Other Companies: The Kingsbury PLC, Luxury Resorts (Pvt) Ltd, Hayleys Consumer Products Limited, Hayleys Business Solutions International (Pvt) Ltd, Hayleys Travels (Pvt) Ltd, Hayleys Tours (Pvt) Ltd, Singer (Sri Lanka) PLC, Kelanivalley Resorts (Pvt) Ltd & Logiwiz Limited.

All the related party transactions were carried out at the commercial terms and conditions agreed with each party on an arm's length basis. There were no non-recurring related party transactions during the year

### 33. Related Party Disclosures (Contd...)

#### 33.3 Transactions with Key Management Personnel of the Company

The Key Management Personnel of the Company are the members of its Board of Directors and that of its parent.

a) Key Management Personnel Compensation	2020 Rs.	2019 Rs.
Short-term Employee Benefits - Executive	71,128,026	44,381,384
- Non-executive	2,796,000	2,838,000
Post-employment Benefits - Executive	1,009,800	1,944,000
	74,933,826	49,163,384

#### b) Other Transactions

No material transactions have taken place during the year with the Key Management Personnel of the Company, which required to disclosure in these Financial Statements other than those disclosed above.

### 34. EVENT OCCURRING AFTER THE REPORTING DATE

The board of Directors have decided to close the hotels for the business with effect from 01 April to 31 May 2020 due to the industry decline in the Covid-19 Pandemic and reopen for the business again from 01 June 2020 onwards. In the month of April, 921 room nights were cancelled and Rs.500,844 out of contract liabilities has refunded to customers and 118 room nights have been rescheduled to latter part of the year.

Under the Covid-19 relief measures, the Group has received six months moratorium on the loans obtained from the Hatton National Bank PLC and DFCC Bank PLC. The banks has officially confirmed the moratorium on 12<sup>th</sup> June 2020. Accordingly, current liabilities stated in the statement of financial position as at 31 March 2020 will be reduced by Rs. 262,852,225/- and non-current liabilities will increased form the same amounts. This has not been adjusted in the financial statements.

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest bearing loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group financial assets includes trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds Fair value through OCI investments and equity investments designated under fair value through profit or loss.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

# Notes to the Financial Statements Contd...

## 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

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

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/decrease in basis points	Effect on profit before tax
2020	+50	(7,844,142)
	-50	7,844,142
2019	+50	(5,825,040)
	-50	5,825,040

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

### Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the borrowings.

### Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was Rs. 50,084,854/-. An increase or decrease of 10% on the Colombo Stock Exchange (CSE) market index (ASPI) could have an impact of approximately Rs.5,008,485/- on the income and equity attributable to the Group.



**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including term deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

**Trade receivables**

The Group has established policies, procedures and controls to manage the credit risk of Travel Agents of the Group. The Group carefully evaluating travel agents credentials and credit worthiness prior to contracting with them and as at reporting date more than 95% of the trade receivables are due from well established travel agents and risk exposure to receivables from individuals and entities are minimal as it represents less than 5% from the total receivables as at reporting date.

The Group has considered the current decline in the tourism industry due to the impact of Covid19 Pandemic evaluating the credit risk of trade receivables. The Management has monitored the effect of the global economic downturn to its travel agents through frequent discussion with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly. Dues from travel agents are still within the credit period and those travel agents have agreed to release the payments on due dates. xx% of the trade receivable of the Group has settled subsequently.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The Group has received all the dues within agreed credit period in the past without any delays. The management also considered the local and global economic indicators and the results of negotiations and subsequent cash receipts in determining the provision for impairment.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's audit committee. The Group's evaluating the banks and financial institutions based on respective credit ratings.

**Liquidity risk**

Liquidity risk management used to maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and lease contracts. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Due to the Easter Sunday terrorist attack and Covid19 pandemic, overall tourism industry declines and affected the operational cash flows of the Group. The Group has negotiated with its key suppliers to extend the credit terms and obtained bank loan and overdraft facilities to maintain the cash requirements of the Group.

The Group has Rs. 128,843,111/- of short term deposits, Rs. 172,061,929/- of cash balance and Rs. 370,000,000/- of undrawn banking facilities as at the reporting date and the Group assessed these funds are sufficient to meet the obligations when due.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 31 March 2020	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	More than 5 Years Rs.	Total Rs.
Interest-bearing loans and borrowings	229,838,791	-	295,454,071	1,043,535,631	-	1,568,828,493
Trade and other payables	-	208,445,047	105,019,215	-	-	313,464,262
	229,838,791	208,445,047	400,473,285	1,043,535,631	-	1,882,292,755

## Notes to the Financial Statements Contd...

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

As at 31 March 2019	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	More than 5 Years Rs.	Total Rs.
Interest-bearing loans and borrowings	260,500,000	70,474,765	211,424,294	812,060,646	-	1,354,459,705
Trade and other payables	-	338,642,376	-	-	-	338,642,376
	260,500,000	409,117,141.00	211,424,294	812,060,646	-	1,693,102,081

#### Capital management

Capital includes only the equity attributable to the equity holders of the parent.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business. The Group's objectives when managing capital are to;

- safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at a reasonable level. The Group includes within net debt, bank overdraft, trade and other payables, less cash and cash equivalents.

	2020 Rs.	2019 Rs.
Interest-bearing loans and borrowings (Note 22)	1,568,828,493	1,354,459,705
Trade and other payables (Note 28)	313,464,262	338,642,376
Less: Cash and short term deposits (Note 25)	(300,905,040)	(313,513,179)
Net debt	1,581,387,715	1,379,588,902
Equity	3,531,035,711	3,826,632,919
Total capital	3,531,035,711	3,826,632,919
Capital and net debt	5,112,423,426	5,206,221,821
Gearing ratio	31%	26%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 2019.

## Sector Review

### Performance Highlights of Subsidiaries

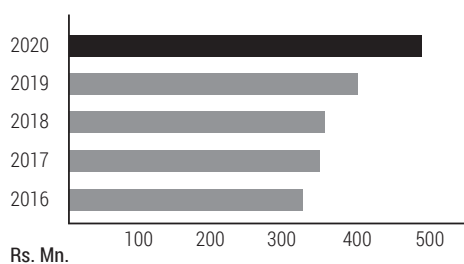
Summarised financial information in respect of Amaya Leisure PLC subsidiaries, reflecting amounts before inter-company eliminations, is set out below

	Kandyan Resorts (Pvt) Ltd Rs. 000	Culture Club Resorts (Pvt) Ltd Rs. 000	Sun Tan Beach Resorts Ltd Rs. 000	Lake Lodge (Pvt) Ltd Rs. 000
Non-Current Assets	1,733,491	1,235,367	2,132,959	30,000
Current Assets	463,430	358,289	124,156	-
<b>Total Assets</b>	<b>2,196,921</b>	<b>1,593,656</b>	<b>2,257,115</b>	<b>30,000</b>
Non-Current Liabilities	40,123	148,228	752,103	-
Current Liabilities	111,961	78,547	1,002,196	-
<b>Total Liabilities</b>	<b>152,084</b>	<b>226,774</b>	<b>1,754,299</b>	<b>-</b>
Equity attributable to owners of the parent	2,044,837	1,366,882	282,030	24,000
Equity attributable to non-controlling interests	-	-	220,787	6,000
Revenue	485,656	435,595	256,275	-
Operating Profit	67,183	(4,531)	(69,098)	-
Net Finance Cost	-	-	162,859	-
Profit / (Loss) Before Tax	68,723	(2,383)	(231,957)	-
Tax Expense	10,217	(3,481)	301	-
Profit After Tax	58,506	(5,864)	(232,258)	-
Profit / (Loss) attributable to owners of the parent	58,506	(5,864)	(130,274)	-
Profit / (Loss) attributable to non-controlling interests	-	-	(101,985)	-
Net Cashflow from operating activities	(35,247)	(18,862)	(107,559)	-
Net Cashflow from investing activities	(22,185)	(24,052)	(5,612)	-
Net Cashflow from financing activities	(315)	-	128,342	-
No: of Rooms (No.)	112	125	125	-
No: of Room nights occupied (No.)	26,491	24,434	14,935	-
Revenue Occupancy (%)	65%	54%	33%	-
Average Room Rate (USD)	47	49	43	-
Revenue per available room night	12,392	9,964	5,803	-

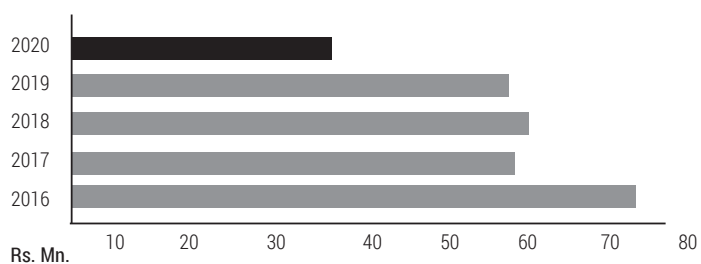
# Statement of Value Creation

	2020	2019	2018	2017	2016
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Revenue	1,245,072	1,667,447	1,460,104	1,592,920	1,642,044
Other Income	60,872	171,308	54,027	100,813	61,256
<b>VALUE DISTRIBUTED</b>					
To Employees	484,045	393,640	348,260	340,280	318,353
To Government Revenue	33,119	56,432	59,223	57,027	73,658
To Shareholders as Dividends	-	290,625	-	103,753	100,872
To Lenders of Capital					
- Interest on Borrowings	168,224	177,970	163,046	205,467	157,192
- Non-Controlling Interest	(97,783)	(64,465)	(85,229)	(57,620)	(40,317)
<b>VALUE RETAINED FOR EXPANSION AND GROWTH</b>					
Depreciation	177,734	177,970	195,262	188,053	201,758
Profit retained	-	-	93,267	102,690	186,144

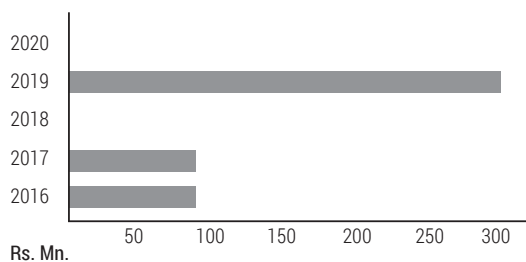
Employee Value Creation



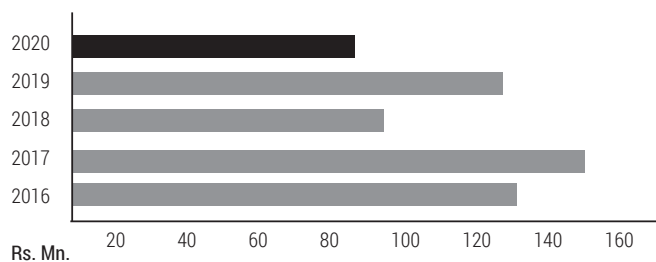
Government Value Creation



Value Creation To Shareholders



Value Creation To Lenders



# Share and Investor Information

## AMAYA LEISURE PLC ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2020

No. of shareholders as at 31st March 2020 -1,618 (as at 31st March 2019 - 1,588)

No. of shares held			Residents			Non Residents			Total		
			No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1	-	1,000	1,333	227,426	0.42	10	2,631	0.01	1,343	230,057	0.43
1,001	-	10,000	204	579,526	1.07	5	7,162	0.01	209	586,688	1.08
10,001	-	100,000	45	1,244,542	2.30	2	95,667	0.18	47	1,340,209	2.48
100,001	-	1,000,000	14	6,707,458	12.43	0	0	0.00	14	6,707,458	12.43
OVER 1,000,000			5	45,130,567	83.58	0	0	0.00	5	45,130,567	83.58
			<b>1,601</b>	<b>53,889,519</b>	<b>99.80</b>	<b>17</b>	<b>105,460</b>	<b>0.20</b>	<b>1,618</b>	<b>53,994,979</b>	<b>100.00</b>
Category											
Individuals			1,517	4,950,865	9.17	17	105,460	0.20	1,534	5,056,325	9.37
Institutions			84	48,938,654	90.63	-	-	0.00	84	48,938,654	90.63
			<b>1,601</b>	<b>53,889,519</b>	<b>99.80</b>	<b>17</b>	<b>105,460</b>	<b>0.20</b>	<b>1,618</b>	<b>53,994,979</b>	<b>100.00</b>

Market Capitalization as at 31.03.2020	1,349,874,475.00
Flot - Adjusted Market Capitalization as at 31.03.2020	282,626,925.00
minimum public holding requirement as at 31.03.2020	20%

PERCENTAGE OF PUBLIC HOLDING	20.94
TOTAL NO. OF SHAREHOLDERS REPRESENT IN PUBLIC HOLDING	1,608
Flot Adjusted Market Capitalization as at 31.03.2020	282,626,925.00

The Company complies with option 5 of the Listing Rules 7.13.1 (a) - 20% minimum Public Holding is required if the Company has less than Rs. 2.5 Bn. Float Adjusted Market Capitalization.

# First Twenty Shareholders

## FIRST TWENTY SHAREHOLDERS AS AT 31ST MARCH 2020 WITH COMPARATIVES

	Name of Shareholder	NO.OF SHARES AS AT 31.03.2020	%	NO.OF SHARES AS AT 31.03.2019	%
1	HAYLEYS PLC	21,769,457	40.32	21,769,457	40.32
2	DEAN FOSTER (PVT) LTD	11,524,544	21.34	11,524,544	21.34
3	EMPLOYEE PROVIDENT FUND	5,194,142	9.62	5,194,142	9.62
4	DFCC BANK PLC/MR.L.T.SAMARAWICKRAMA	4,968,643	9.20	4,968,643	9.20
	MR.L.T.SAMARAWICKRAMA	67,445	0.12	67,445	0.12
5	MR. W.A.D.C.J. WICKRAMASINGHE	1,606,336	2.97	1,606,336	2.97
6	MERCANTILE INVESTMENTS AND FINANCE PLC	966,720	1.79	966,720	1.79
7	TOYO CUSHION LANKA (PVT) LTD	917,710	1.70	917,710	1.70
8	AIA INSURANCE LANKA PLC A/C NO.07	829,213	1.54	829,213	1.54
9	VOLANKA EXPORTS LIMITED	722,679	1.34	722,679	1.34
10	BANK OF CEYLON NO.1 ACCOUNT	593,120	1.10	593,120	1.10
11	MR.H.A.VAN STARREX	542,360	1.00	546,269	1.01
12	MR.K.D.D.PERERA	503,211	0.93	503,211	0.93
13	ASSOCIATED ELECTRICAL CORPORATION LTD	467,471	0.87	396,108	0.73
14	ELLES (PVT) LTD	382,650	0.71	381,372	0.71
15	MR.S.SENARATNE	203,771	0.38	203,771	0.38
16	MR.D.J.DE SILVA WIJEYERATNE	160,044	0.30	172,660	0.32
17	BANK OF CEYLON A/C CEYBANK CENTURY GROWTH FUND	158,224	0.29	158,224	0.29
18	MR.H.A.M.P. ALGAMA	157,252	0.29	157,252	0.29
19	MR.M.A.H. ESUFALLY	103,033	0.19	103,033	0.19
20	MR. D.E. SILVA	93,538	0.17	93,538	0.17
	TOTAL	51,931,563	96.18	51,875,447	96.07

## Share Trading Information

### FOR THE 03 MONTHS ENDED 31.03.2020

	Rs.	
Highest Price	39.40	06.01.2020
Lowest Price	24.80	20.03.2020
Closing Price	25.00	
No. of Transactions	182	
No. of shares traded	26,497	
Value of shares traded Rs.	888,881.00	

### FOR THE 12 MONTHS ENDED 31.03.2020

	Rs.	
Highest Price	48.00	19.11.2019
Lowest Price	24.80	20.03.2020
Closing Price	25.00	
No. of Transactions	1,140	
No. of shares traded	453,543	
Value of shares traded Rs.	15,494,105.40	

# Ten Year Summary

Year ended 31st March	2020 Rs. 000	2019 Rs. 000	2018 Rs. 000
<b>Revenue</b>			
Revenue	1,225,951	1,643,863	1,442,894
Profit before tax	(252,362)	270,449	50,051
Taxation	(13,999)	(35,217)	(42,012)
Profit after tax	(266,361)	235,232	8,038
Profit / (Loss) attributable to owners of the parent	(168,578)	299,697	93,267
Non-Controlling Interest	(97,783)	(64,465)	(85,229)
<b>Funds employed</b>			
Stated capital *	909,371	909,371	819,779
Capital Reserves	423,794	423,794	269,100
Other component of equity	(60,487)	(49,105)	(7,569)
Revenue reserves	2,236,092	2,414,321	2,406,462
Equity attributable to equity holders of the parent	3,508,769	3,698,380	3,487,773
Non-Controlling Interest	22,272	128,253	206,597
Borrowings	1,568,828	1,354,460	1,447,915
<b>Assets Employed</b>			
Non-current assets	4,973,397	4,999,758	5,027,506
Current assets	695,115	830,547	607,443
Current Liabilities net of borrowings	375,162	451,869	309,371
Provisions	193,486	197,344	183,280
Capital Employed	5,099,864	5,181,085	5,142,298
<b>Cashflow</b>			
Net cash inflow/(outflow) from operating activities	(114,412)	372,205	52,255
Net cash inflow/(outflow) from investing activities	(53,141)	110,336	(57,978)
Net cash inflow/(outflow) from financing activities	108,421	(404,683)	(50,455)
Increase / (decrease) in cash and cash equivalents	(59,132)	77,858	(56,178)
<b>Key Indicators</b>			
Earnings / (Loss) per share (basic) (Rs.)	(6.74)	5.55	1.73
Dividend per share (Rs.)	-	5.50	-
Net Assets Value per share (Rs.)	65.40	68.49	67.23
Market price per share (Rs.)	25.00	37.20	52.80
Return on shareholders funds (%)	(7.54)	8.10	2.67
Return on capital employed (%)	(2.55)	8.53	4.14
Price earnings ratio (times)	(3.71)	6.70	30.52
Interest cover (times)	0.68	2.58	1.31
Dividend payout ratio (%)	-	99.09	-

\* Share capital and share premium previously reported have been reclassified to reflect stated capital as define in the Companies Act No. 07 of 2007.



2017 Rs. 000	2016 Rs. 000	2015 Rs. 000	2014 Rs. 000	2013 Rs. 000	2012 Rs. 000	2011 Rs. 000
1,575,332	1,623,312	1,395,504	1,159,802	1,066,520	867,653	667,709
188,261	301,625	223,489	417,919	408,525	308,948	472,523
(39,439)	(54,927)	(42,667)	(41,757)	(31,948)	(16,384)	(5,095)
148,823	246,698	180,822	376,162	376,577	292,564	467,428
206,443	287,016	227,855	376,160	376,587	292,583	469,717
(57,620)	(40,317)	(47,033)	2,301	(10)	(19)	(2,288)
819,779	718,907	718,907	526,770	526,770	526,770	526,770
274,699	410,346	410,346	65,295	65,295	-	-
(17,286)	(44,854)	(30,808)	(57,951)	(43,459)	(23,662)	194
2,318,535	2,266,477	2,073,582	2,083,606	1,923,537	1,739,087	1,638,640
3,395,728	3,350,876	3,172,027	2,617,721	2,472,143	2,242,195	2,165,605
285,554	399,931	423,035	29,302	29,300	27,497	27,516
1,518,536	1,791,385	1,839,254	243,421	197,827	122,927	62,864
5,141,443	5,436,798	5,493,752	2,880,364	2,708,690	2,384,952	2,088,339
554,134	564,440	377,117	277,056	267,256	241,438	396,581
348,963	324,016	319,738	156,965	174,030	145,447	143,231
146,797	135,031	116,815	110,010	102,646	88,323	85,704
5,199,818	5,542,191	5,434,316	2,890,444	2,699,270	2,392,619	2,255,986
374,717	431,669	428,595	471,649	434,957	347,208	232,628
110,652	(157,439)	(1,042,792)	(269,251)	(343,912)	(269,504)	261,271
(525,346)	49,477	451,319	(185,990)	(136,816)	(177,742)	(268,658)
(39,978)	323,707	(162,877)	16,407	(45,771)	(100,037)	225,241
3.98	5.69	4.74	7.83	7.84	6.09	9.78
2.00	4.00	5.00	4.50	4.00	4.00	6.00
65.46	66.44	66.04	54.50	51.47	46.68	45.08
63.80	60.50	85.00	72.30	76.50	76.70	120.10
6.08	8.57	7.18	14.37	15.23	13.05	21.69
7.40	8.24	6.60	15.00	15.35	13.77	20.18
16.03	10.63	17.93	9.23	9.76	12.59	12.28
1.96	2.95	2.65	27.77	72.75	16.03	64.09
50.26	70.30	105.49	57.47	51.02	65.68	61.35

# Glossary of Financial Terms

## Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

## Actuarial Gains and Losses

Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

## Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## FVOCI

Non derivative financial assets that are designated as available for sale or are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

## Capital Employed

Shareholders' funds plus Non-Controlling Interests and interest bearing borrowings.

## Capital Reserves

Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity available for distribution.

## Cash Equivalents

Liquid investments with original maturity periods of three months or less.

## Contingent Liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

## Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

## Current Service Cost

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

## Debt/Equity Ratio

Debt as a percentage of total equity plus total debts at the reporting date

## Deferred Taxation

The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

## Dividend Cover

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

## Dividend Payout

Dividend per share as a percentage of the earnings per share.

## Dividend Yield

Dividend per share as a percentage of the market price. A measure of return on investment.

## Earnings Per Share (EPS)

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

## EBIT

Earnings before Interest and tax.

## Effective Tax Rate

Income tax expense divided by profit before tax.

## Equity

The value of an asset after all the liabilities or debts have been paid.

## Equity Asset Ratio

Total Equity divided by total assets at the reporting date.

## Fair Value

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.

## Fair Value Through Profit or Loss

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term.

## Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

**Financial Instrument**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

**Financial Liability**

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

**Gearing**

Proportion of total interest bearing borrowings to capital employed.

**Impairment**

This occurs when recoverable amount of an asset is less than its carrying amount.

**Interest Cover**

Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

**Key Management Personnel (KMP)**

KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

**Market Capitalisation**

Number of shares in issue multiplied by the market value of a share at the reported date.

**Market Value Per Share**

The price at which an ordinary share can be purchased in the stock market.

**Net Assets Value Per Share**

Total equity attributable to equity holders divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

**Non-Controlling Interest**

Equity in subsidiary not attributable, directly or indirectly, to a parent.

**Other comprehensive income**

An entry that is generally found in the shareholders' equity section of the statement of financial position.

**Price Earnings Ratio**

Market price of a share divided by earnings per share as reported at that date.

**Quick assets Ratio**

Current assets excluding inventories divided by current liabilities. A measure of liquidity.

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Eight Annual General Meeting of Amaya Leisure PLC, will be held at the Conference Room of Hayleys PLC, No. 400, Deans Road, Colombo 10, Sri Lanka, on Thursday, 23rd July 2020 at 2.00 p.m. and the business to be brought before the meeting will be:

## AGENDA

- 1) To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2020.
- 2) To re-elect Mr. L.T. Samarawickrama, who retires by rotation at the Annual General Meeting, a Director.
- 3) To re-elect Mr. S.J. Wijesinghe, who retires by rotation at the Annual General Meeting, a Director.
- 4) To re-appoint Mr. S. Senaratne, who retires having attained the age of seventy two years and the Company having received special notice of the undernoted Ordinary Resolution in compliance with Section 211 of the Companies Act No. 07 of 2007 in relation to his re-appointment.

## Ordinary Resolution

‘That Mr. Suranimala Senaratne, retiring Director, who has attained the age of seventy two years be and is hereby re-appointed a Director for a further period of one year or till the next Annual General Meeting of the Company and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director’.

- 5) To authorize the Directors to determine contributions to Charities for the financial year 2020/2021.
- 6) To authorize the Directors to determine the remuneration of the Auditors, M/s Ernst & Young, Chartered Accountants, who are deemed to have been reappointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007 for the financial year 2020/2021.
- 7) To consider any other business of which due notice has been given.

## NOTES :

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to [amayaagm@secretarial.hayleys.com](mailto:amayaagm@secretarial.hayleys.com) not less than forty eight (48) hours before the time fixed for the Meeting.
2. Please refer the “Circular to Shareholders” dated 25th June 2020 and follow the instructions to join the meeting physically or virtually.

By Order of the Board  
**AMAYA LEISURE PLC**  
HAYLEYS GROUP SERVICES (PRIVATE) LIMITED  
Secretaries

Colombo  
30th June 2020.  
Secretaries

# Form of Proxy - Amaya Leisure PLC

## Company Number PQ 145

I/We\* .....  
 (Full name of Shareholders\*\*) NIC No./Reg No. of Shareholder (\*\*) .....  
 of .....  
 being a shareholder/ shareholders\* of AMAYA LEISURE PLC hereby appoint,  
 1. ....  
 (full name of Proxyholder\*\*) NIC No. of Proxyholder (\*\*) .....  
 of .....  
 or failing him/them

(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our\* Proxy to attend and vote as indicated hereunder for me/us\* and on my/our\* behalf at the Thirty Eighth Annual General Meeting of the Company to be held on Thursday, 23rd July 2020 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Directors and the Statements of Accounts for the year ended 31st March 2020 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. L.T. Samarawickrama, who retires by rotation at the Annual General Meeting a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. S.J. Wijesinghe, who retires by rotation at the Annual General Meeting a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. S. Senaratne, who retires having attained the age of seventy two years, a Director by passing the Ordinary Resolution set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the Directors to determine contributions to Charities for the financial year 2020/2021.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine the remuneration of the Auditors, Messrs Ernst & Young, Chartered Accountants, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No. 7 of 2007 for the financial year 2020/2021.	<input type="checkbox"/>	<input type="checkbox"/>

(\*\*) The proxy may vote as he thinks fit on any other resolution brought before the Meeting which due notice has been given.

As witness my/our\* hands this ..... day of .....2020.

Witness : Signature : .....  
 Name : .....  
 Address : .....  
 NIC No : .....

.....  
 Signature of Shareholder

- Notes:
- (a) \* Please delete the inappropriate words.
  - (b) A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.  
 \*\* Full name of Shareholder/Proxy holder and their NIC Nos. and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.
  - (c) A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
  - (d) Instructions are noted on the reverse hereof.
  - (e) This Form of Proxy is in terms of the Articles of Association of the Company.
  - (f) Please refer the "Circular to Shareholders" dated 25th June 2020 and follow the instructions to join the meeting physically or virtually.

## ***Instructions as to Completion***

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to [amayaagm@secretarial.hayleys.com](mailto:amayaagm@secretarial.hayleys.com) not less than forty eight (48) hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your Proxy, please insert the relevant details at (1) overleaf. The Proxy need not be a Member of the Company.
4. Please indicate with an X in the space provided how your Proxy is to vote on the resolutions. If no indication is given, the Proxy in his discretion will vote as he thinks fit. Please also delete (\*\*\*) if you do not wish your Proxy to vote as he thinks fit on any other resolution brought before the meeting.
5. In the case of a Company/Corporation the Proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.  
  
In the case of the individual Shareholders, the signature of the Shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.



AMAYA  
LEISURE PLC

Level 27, East Tower, World Trade Center, Echelon Square,  
Colombo - 01, Sri Lanka.

