



Annual Report
2022/23

STRONGER
TOGETHER

Hayleys
LEISURE
CURATING HAPPINESS



STRONGER

T O G E T H E R

At Hayleys Leisure PLC, we stand in unity as a collaboration of unique hotels, that have adapted and withstood the extraordinary pressures and tumult of recent years. Having faced turbulent headwinds, we have relied on our collective spirit and courage to emerge stronger.

Just like puzzle pieces that fit to create the perfect picture of endurance and synergy, the Hayleys Leisure Group expects to step into spheres of restoration from 2023 onwards. We are humbled that our brand has sustained itself through catastrophic circumstances underpinned by its deeply rooted foundations of value. Our unparalleled team gives us positivity and purpose and we remain passionate to uplift our dynamic people network and enhance our aspirational sustainability strategies for the benefit of our valued stakeholders, for a future of strengthened revival.

Because together, we are stronger, we are Hayleys Leisure.





OVERVIEW

SYNERGISTIC ALLIANCE

We provide a narrative that encapsulates the achievements and milestones attained during the year under review, highlighting significant projects and partnerships that have contributed to the company's success.

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ABOUT THIS REPORT



Welcome to our first ever Integrated Annual Report

We are proud to present to you, Hayleys Leisure PLC's (HLP or the Group) first ever Integrated Annual Report (the Report) for the financial year ended 31 March 2023. This Report marks a considerable step forward in our continued commitment to present clear, concise yet comprehensive reporting. Times marked with unprecedented challenges call for sharper clarity, credibility and relevance in reporting. Our timely move in adopting the International <IR> Framework issued by the Value Reporting Foundation this year will meet such escalated standards in reporting and disclosures.

Reporting boundary and scope

The Report covers operations of HLP in Sri Lanka for the period 1 April 2022 to 31 March 2023. We adopt an annual reporting cycle for both financial and non-financial reporting and this Report builds on the prior year's report for the period ended 31 March 2022. There are no restatements of non-financial information reported in the prior year unless otherwise stated.

Reporting principles

We have adopted the following local and international reporting frameworks/guidelines and external assurance in ensuring the quality and integrity of our reporting.

Financial Reporting

Financial Statements and related disclosures

- > Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- > Companies Act No. 07 of 2007 (as amended)
- > Listing Rules of Colombo Stock Exchange
- > Independent Auditors' Report by Messrs. Ernst and Young

Non-Financial Reporting

Integrated Reporting

- > Integrated Reporting Framework of the Value Creation Foundation
- > United Nation's Sustainability Development Goals

Corporate Governance

- > Companies Act No. 07 of 2007 (as amended)
- > Listing Requirements of the Colombo Stock Exchange
- > Code of Best Practice on Governance issued by the Institute of Chartered Accountants of Sri Lanka
- > Code of Best practice on Related Party Transactions issued by the Securities & Exchange Commission

Materiality

This Report is based on material topics that affect HLP's value creation process in the short, medium and long run. The impact on the financial performance of HLP and the impact on economic, social and environmental aspects of stakeholders connected to us are considered in arriving at such material topics. The full set of material topics and further analysis of same are found in pages 36 to 37 of this Report.

Forward-looking statements

This Report contains certain forward-looking statements with respect to the financial condition and results of operations of HLP. These forward-looking statements represent HLP's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements speak only as of the date they are made. HLP makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

Future of our annual reporting

As we make foray in to integrated reporting this year, we intend to obtain external assurance on same in the coming years. We will also broaden the adoption of frameworks and guidelines that are available locally and internationally which will enhance the quality and integrity of our disclosures.

ABOUT THIS REPORT



Read our report online

A PDF version of this Report is accessible on the corporate website and the Colombo Stock Exchange [CSE stock code: CONN.N0000].

<https://www.amayaresorts.com/about/annual-reports>

<https://cse.lk/pages/company-profile/company-profile.component.html?symbol=CONN.N0000>



Feedback

We welcome your feedback on how we can enhance the relevance and reader-friendliness of our Report.

Please contact our Head of Finance Mr. Ravindra Dissanayake at level 27, East Tower, World Trade Center, Colombo 01 or on email at ravindra.d@hayleysleisure.com.

Navigation icons

Follow the icons to understand how we created value to our stakeholders under each of the six capitals and how they were impacted by the external environment. We have also indicated our contribution towards the United Nation's Sustainability Development Goals [SDG] using the relevant SDG icons.

Capitals



Financial Capital



Intellectual Capital



Manufactured Capital



Social and Relationship Capital



Human Capital



Natural Capital

Stakeholders



Shareholders



Business partners



Customers



Government



Employees



Community

SDGs



Way Forward



Furthermore, given the significance of information on the future direction of the Company to stakeholders who refer this Report, we have included a section on Way Forward in each of the Capital Reports in the Management Discussion and Analysis, and also in the Operating Environment section. Such information are indicated by the icon indicate above.

ABOUT THE COMPANY

We are Hayleys Leisure PLC, and we curate happiness

Hayleys Leisure PLC (HLP) is an ever-expanding network of hotels, resorts, wellness retreats and boutiques offering unparalleled personalised experiences to our guests. HLP draws strength from Hayleys PLC – Sri Lanka's largest and most diversified conglomerate, as its parent company. Our unique leisure proposition is delivered through the Amaya brand synonymous with great hospitality, exceptional ambiances of properties and world class standards in food and beverages.

Our presence

Properties	Aggregate rooms
11	704

SRI LANKA

City Hotel

The Kingsbury PLC

Three resorts

Amaya Hills Kandy
Amaya Lake Dambulla
Amaya Beach Pasikudah

Five boutiques

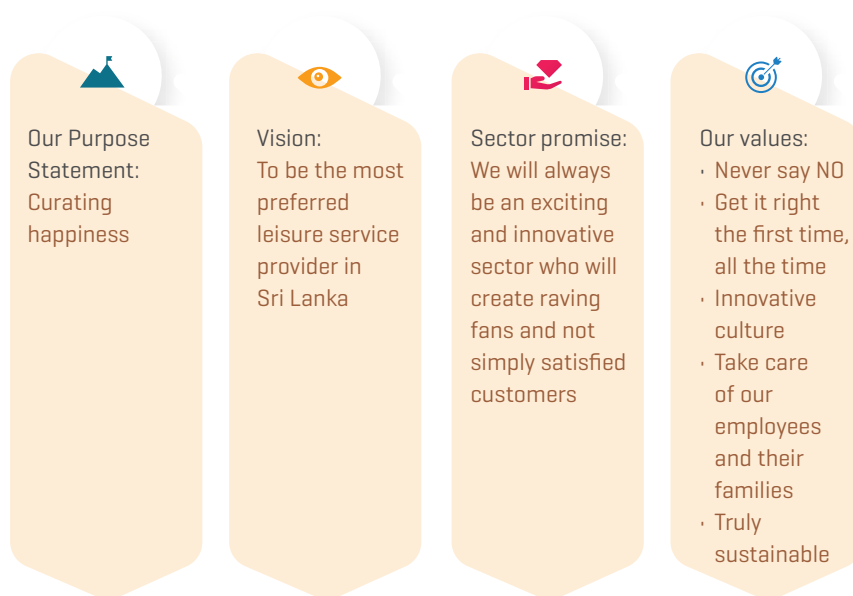
Langdale Boutique Hotel Nuwara Eliya
Oliphant Banglow Nuwara Eliya
Hantana Boutique Villa Kandy
Villa 700 Bentota
Tri Koggala
Amuna Ayurveda Retreat by
Villas Wadduwa

MALDIVES

One resort

Amaya Kuda Rah

What defines us



Our team

1,499	117
in Sri Lanka	in Maldives

Subsidiaries

Culture Club Resorts (Pvt) Ltd.

[100%]

Kandyan Resorts (Pvt) Ltd.

[100%]

Sun Tan Beach Resorts Ltd.

[82.17%]

Hayleys Holidays (Pvt) Ltd (Formerly known as Connaissance

Air Travels (Pvt) Ltd]

[100%]

CDC Convention (Pvt) Ltd.

[100%]

Hayleys Hotel Management Services Pvt. Ltd. (Formerly known as Connaissance Hotel Management (Pvt) Ltd)

[100%]

Strength of the Hayleys Group

Hayleys Group Controls

67.62%

of the company

Our commitment to ESG

Guided by Hayleys PLC's, "The Hayleys Lifecode", which sets out the Group's 2030 environmental, social and governance aspirations, roadmap and action plan.

Progress made in Hayleys Lifecode targets

8%

Reduction in energy consumption

12,183

CSR beneficiaries

1.02

Training hours per employees

VALUE CREATION HIGHLIGHTS

For the financial year ended 31 March	2023	2022	Change
Financial Capital			
Revenue	1,531,664	777,262	97%
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	43,074	[117,497]	137%
Results from operating activities	[444,551]	[622,723]	29%
Profit/(Loss) before tax	[892,029]	[892,717]	0%
Profit/(Loss) after tax	[824,431]	[898,540]	8%
Profit/(Loss) attributable to owners of the parent	[741,165]	[826,368]	10%
Profitability ratios			
Gross profit/[loss] margin	52.98%	38.31%	38%
Operating profit/[loss] margin	[29.02%]	[80.12%]	64%
Net profit/[loss] margin	[53.83%]	[115.60%]	53%
Return on Assets (ROA)	[15.24%]	[15.88%]	4%
Return on Capital Employed (ROCE)	[11.04%]	[12.65%]	13%
Financial position - Rs. '000			
Total Assets	5,408,978	5,659,464	[4%]
Total Debts	2,790,881	2,775,877	[1%]
Equity attributable to equity holders of the parent	1,370,229	2,198,160	[38%]
Balance Sheet performance ratios			
Gearing	74.75	58.00	[29%]
Debt/Equity	226.15	129.39	[75%]
Equity Asset Ratio	22.81	37.91	[40%]
Current ratio (times)	0.32	0.30	8%
Quick asset ratio (times)	0.26	0.26	0%
Interest cover (times)	[0.66]	[2.45]	73%
Market/Shareholders information			
No of shares in issue	107,989,958	107,989,958	0%
Market value per share - Rs.	24.00	16.10	49%
Market Capitalisation - Rs.'000	2,591,759	1,738,638	49%
Net Assets per share - Rs.	12.69	20.36	[38%]
Dividends per share - Rs.	-	-	-
Dividend payout - %	-	-	-
Dividend yield - %	-	-	-
Earnings per share (basic) - Rs.	[6.86]	[7.65]	[10%]
Price earning ratio (times)	[3.50]	[2.10]	[66%]

For the financial year ended 31 March	2023	2022	Change
Manufactured Capital			
Property, plant & equipment - Rs. '000	4,446,672	4,684,024	[5%]
No of Rooms	356	356	-
Capital expenditure - Rs. '000	155,407	273,366	[43%]
Human Capital			
Total employees	699	634	10%
Economic value added per employee - Rs. '000	2,191	1,226	44%
Training hours per employee	1.01	0.4	144%
Retention rate	69%		
Intellectual Capital			
Brand rating (Trip Advisor)	8.6	-	-
Number of awards won	-	-	-
Number of processes carrying international/local certifications	3	3	-
Social and Relationship Capital			
Investments in CSR activities - Rs. '000	2,051	-	-
Number of beneficiaries	12,183	-	-
Natural Capital			
Carbon footprint - TCO ₂ e	2,967	2,846	[4%]
Energy consumption - MJ	3,117	3,386	8%
Water consumption - m ³	57,205	76,912	26%



An aerial photograph of a tropical resort. In the foreground, there's a large, modern building with a red-tiled roof and a swimming pool. The resort is surrounded by lush greenery, including many palm trees. A sandy beach leads to clear turquoise water where several small boats are anchored. In the background, a dense forest covers a hill, and a tall communication tower is visible against a bright blue sky with scattered white clouds.

LEADERSHIP

UNIFIED FORCE

Guided by trailblazers with a compass for success, we proudly showcase our exceptional leadership team, whose visionary guidance and strategic acumen have propelled the company to new heights.

CHAIRMAN'S MESSAGE



Dear Stakeholder

I am pleased to present to you, our first ever Integrated Annual Report for the financial year ending 31 March 2023, which presents a balanced account of how Hayleys Leisure PLC surmounted the many challenges that unfolded during the year to emerge stronger together, delivering on its commitments to stakeholders.

OPERATING CONTEXT

The global tourism sector posted a strong rebound during the calendar year 2022 with over 900 million tourists travelling internationally. All regions bounced back with notable increases in international tourist numbers. The Middle East posted the highest increase as arrivals reached 83% compared to pre-pandemic numbers. Europe reached nearly 80% of pre-pandemic levels with 585 million arrivals in 2022. Africa and the Americas both recovered about 65% while Asia and the Pacific reached only 23%, due to stronger pandemic-related restrictions which started to be removed only towards the end of 2022.

Sri Lanka was hopeful in this context to welcome over a million of tourists in to the country for the calendar year 2022. Numbers were on a gradual increase till the third month peaking at 106,500 before they plummeted till September 2022, affected by the economic crisis of Sri Lanka. The year 2022 presented unparalleled economic challenges, as long-standing economic imbalances converged with external shocks to push the country into an economic crisis. The depletion of foreign reserves led to shortages in fuel, essential items and power cuts, which in turn led to social unrest and political instability. This led to certain countries issuing travel advisories against Sri Lanka, which resulted in tourist arrivals for the year declining to 700,000, around 30% below the target.

The situation necessitated some of the most intense policy decisions such as strict controls on imports to preserve foreign currency liquidity position and external stability of the Rupee and a tightening monetary policy which saw policy rates increasing by 10.5% since the beginning of 2022 through first quarter of March 2023, to stem inflation and manage internal price stability.

The effectiveness of these policies were demonstrated in the gradual improvement of key economic indicators. Headline inflation which peaked at 69.8% in September 2022 as measured by the Colombo Consumer Price Index (CCPI) has started easing out since. The market interest rates and exchange rates are also expected to stabilise towards the latter part of the year. Progress was made towards obtaining an Extended Fund Facility from the International Monetary

Africa and the Americas both recovered about 65% while Asia and the Pacific reached only

23%

due to stronger pandemic-related restrictions which started to be removed only towards the end of 2022.

Fund, reinstating confidence in the country to a certain extent. Gratifyingly, the tourism sector also converged on a recovery path with tourist arrivals picking up in the latter part of 2022. The trend continued well in to 2023, with the first three months of the year posting total tourist arrivals in excess of 300,000 renewing hopes for the sector.

Meanwhile in Maldives tourism picked up to pre-pandemic levels with 1.6 Mn tourist arrivals. 2022 was a record breaking year for Maldives tourism with the country posting the highest ever number of arrivals in a month in October 2022 and once again securing the title of the World's Leading Destination at the 2022 World Travel Awards.

OVERALL PERFORMANCE – HAYLEYS LEISURE PLC

Amidst these strong economic headwinds Hayleys Leisure PLC remained positive in its commitment to the Sri Lankan tourism industry. The Leisure sector adapted and persevered, leveraging its collective expertise to continue delivering exceptional value to our stakeholders. The

CHAIRMAN'S MESSAGE

financial impact was explicitly reflected in our financial performance. Although revenue grew at healthy levels, the exponential increase in costs drove profits down, with the Company posting a post-tax loss of LKR 824 Mn for the financial year. Despite the economic slowdown, the marketing and business development team continued to pursue new business avenues whilst the operations teams focused on improving production efficiencies and reducing costs in order to increase the gross profit margins of the Group, which supported to minimise the losses.

STRENGTH IN GOVERNANCE

Hayleys Leisure drew comfort from the strong governance structure in place, stemming from the Hayleys Group level. The collective professionalism, versatility and dynamism of the Board of Directors provided vital guidance in navigating the Company through the turbulent times. Board composition and diversity was strengthened during the year with the appointment of Ms. Brindhini Perera as a Non-Executive Board Director. The Company continued to be fully compliant with all applicable rules and regulations, whilst also adopting prescribed best practices. The Board sub-committees on Nomination, Remuneration, Audit and Related Party Transactions Review ensured strong governance and highest levels of ethics on the respective areas.

SAFEGUARDING STAKEHOLDER INTERESTS

Given the converging challenges from multiple fronts during the year, extra care was extended towards our key stakeholders. Despite the scarcity of various inputs to our processes, we strived to ensure an enjoyable experience to all our customers, across all our

hotels and resorts spread across the country. The warm hospitality promise of the Amaya brand and the strength and stability of the Hayleys brand ensured unmatched service levels.

Our team defied the challenges and ensured that we continue to deliver exceptional service to all our customers, hence without this vital resource business sustenance would not have been possible. We cared for our team with added vigil during the year as they braced for many hardships. We ensured their financial well-being with an economic hardship allowance for most deserving staff and a one-off monetary grant for all staff. We also prioritised on their emotional well-being by maintaining close dialogue and constantly being available for any added support needed.

COMMITMENT TO ESG PRIORITIES

Our deep commitment to environmental, social and governance priorities continued unabated during the year. Efforts in this regard were guided by the Hayleys Group and revolved around the key pillars of Supporting the country's healthcare needs, Employment based skills development, Livelihood development, Promoting art and culture, Protection of the eco system and Education for youth. Furthermore Amaya Resorts & Spas, remains committed to addressing the implications of climate change alongside environmental and social preservation by incorporating sustainable aspects into all our operations. Iconic initiatives conducted during the year included "Sisu Diriya" – committed to provide access to better education for students in rural villages surrounding the resorts, tree planting initiatives across Amaya Resorts and Spas and coral replanting project in

the Maldives by Amaya Kuda Rah. More details on our efforts around ESG are found under Social & Relationship and Natural Capital chapters on pages 60 and 64 respectively.

WAY FORWARD

As a country, Sri Lanka is set to face inevitable challenges in the immediate term. Yet, given our nation's characteristic resilience, we are cautiously optimistic that the country will rebound in the medium term. It is encouraging to note the gradual improvements observed in key economic indicators such as inflation, interest rates and exchange rates which validates such optimism. We eagerly look forward to the implementation of the much needed policy reforms as well that will rectify economic imbalances, a key imperative if Sri Lanka is to achieve its ambitious long-term growth plans.

With sights set on attracting 2 million tourists to Sri Lanka in 2023, the outlook for the Sri Lankan tourism industry looks promising. As we expect to step in to revival and rapid progress in 2023 and beyond, Hayleys Leisure is committed to fulfilling this national mission with exceptional guest experiences on offer, and the best of our island nation showcased through the multitude of our reports and spas spread across Sri Lanka's most scenic localities. Maldives is also set to experience further enhanced demand for its resorts from across the globe, hence prospects are highly favourable.

It is imperative that all stakeholders connected to the tourism sector strengthen collaboration across the Government and private sector, to support recovery and shape a brighter future

for tourism. Enhancing the robustness, stability and resilience of the sector for future shocks is also key, as tourism is a critical driver of economic activity in Sri Lanka. The continuous shocks on the industry since 2019 reflected the vulnerabilities of the sector and there remains much to do in terms of enhancing resilience as a whole and its participants, particularly Small & Medium-Sized Enterprises. Adopting a sustained and transformative action plan to promote a green tourism recovery will also auger well for the sector and the country as a whole.

ACKNOWLEDGEMENT

I take this opportunity to extend my gratitude to my fellow Board members for their unity and focus through the year in safely navigating the Amaya brand through troubled times. I join them in thanking two of our outgoing Directors – Mr. Dhammika Perera and Ms. Kawshi Amarasinghe for their invaluable

insights and guidance over the years. Our appreciation also goes out to the Managing Director of Hayleys Leisure PLC, Mr. Rohan Karr and his team spread across Sri Lanka and Maldives for their perseverance and passion in keeping the brand promise of Amaya alive. We also wish to thank our valued customers, who are our strongest inspiration, our shareholders, tour operating partners and all other stakeholders for their continued support.



Mohan Pandithage

Chairman

08 May 2023

MANAGING DIRECTOR'S REVIEW



Dear Stakeholders,

When considering Sri Lanka's socio-economic and political spheres, the previous year was characterised by unprecedented challenges, which stood in stark contrast to expectations of revival and advancement. The year also put to test, the true resilience of businesses in weathering continuous and rapidly evolving shocks. I can say with pride that Hayleys Leisure PLC handled every situation with dignity and composure, through our collective spirit of courage and endurance. Our valuable team stood stronger together with remarkable resilience at the face of these adversities relentless in the creation of value to all our stakeholders that placed their trust in us.

FIRST EVER INTEGRATED ANNUAL REPORT

The importance of clarity and transparency in reporting escalates at times of turbulence. In light of this, Hayleys Leisure PLC, adopted the International Integrated Reporting Framework of the Value Reporting Foundation for its non-financial reporting. This move marks the first step in aligning Hayleys Leisure's non-financial reporting to international best practices for enhanced and more relevant disclosures to our stakeholders.

STRATEGY AND PERFORMANCE OVERVIEW

Amidst the challenges outlined in the Chairman's Message on pages 12 to 15, Hayleys Leisure PLC successfully implemented several measures resulting in an impressive increase in revenue. Specifically, revenue from contracts with customers surged by over 100% to LKR 1.5 billion during the financial year ended 31 March 2023, reflecting the increasing popularity of our resorts among domestic travelers, supported by the sharp depreciation of the Sri Lankan Rupee. Additionally, we are delighted to report that our Amaya Resorts & Spas properties achieved their highest occupancy rates since November 2022, which undoubtedly contributed to the strong revenue growth.

Profits were significantly impacted by the steep increase in costs, driven by high inflation and Rupee depreciation, resulting in an exponential rise in the cost of imported items. This unprecedented scenario led to a surge of over 100% in all key cost categories, heavily weighing down on profits.

The Company deployed tactical measures in managing administrative costs to minimise effects on losses with the company-wide cost conscious culture propelling the initiatives. The increase in finance costs was significant despite a reduction in interest-bearing borrowings. This was due to the steep increase in market rates which resulted from the Central Bank of Sri Lanka's tightening monetary policy stance to arrest high inflation. The Average Weighted Prime Lending Rate which was 9.85% at the beginning of the financial year shot up to 28.19% by December 2022 before tapering down to 22.42% as of 31 March 2023. The Company adopted focused efforts to manage finance costs and maintain liquidity, such as extending



the interest rate of short-term working capital loans based on money market conditions, strategically assessing and prioritising essential capital expenditure, and consciously minimising borrowings by reducing credit periods offered to customers while encouraging advance payments.

RETAINING OUR TALENT

The challenging conditions that resulted from the country's economic crisis triggered an increase in attrition across many industries, with the tourism sector being one of the most severely affected. At Hayleys Leisure PLC we experienced an attrition rate of around 50% with the majority of our skilled employees pursuing opportunities abroad. This brought forth the challenge of new recruitments and training and development in mass scale and in quick turnaround time. The Company converted this challenge to a unique opportunity to re-assess the deployment of human resources, revisit processes and procedures, thereby introduce efficiencies and staff repurposing where permitted. The Hayleys Leisure Training Institute helped manage this challenge which is dedicated to educate, groom, and nurture youth with potential, who are interested in

MANAGING DIRECTOR'S REVIEW

The Company deployed tactical measures in managing administrative costs to minimise effects on losses with the company-wide cost conscious culture propelling the initiatives.

the hospitality industry. Sixty trainees were absorbed to the Company upon the completion of a six months training course at The Kingsbury, Colombo and across all Amaya Resorts and Spas. The training covered basic knowledge and skills on operational departments (F&B, Housekeeping and Front Office) along with linguistic skills in English, IT and soft skills.

CARING FOR OUR STAKEHOLDERS

Driven by our vision to be the most preferred leisure service provider in Sri Lanka, we continued to offer the exceptional Amaya experience across all our resorts and spas to our valued customers. Our values of never say no, get it right the first time, all the time, and innovative culture kept the spirit going through the hardships and had the team rallying around our brand promise of creating raving fans, not simply satisfied customers.

Staying true to our corporate value of taking care of our employees and their families - a Hayleys Group-wide philosophy, we ensured the well-being of our team with added vigour. As they faced multiple challenges through the



year, we extended financial benefits in form of economic hardship allowances, revised salary levels up to match market levels and ensured their emotional well-being. Despite the continuous challenges that the sector underwent since 2019, we continued to nurture our employees through training and development, financial benefits, etc. without ever resorting to layoffs or salary deductions.

We continued to nurture our communities as well within our Group-wide commitment to strong environmental, social and governance initiatives. We contributed to the livelihood development

of local communities and promotion of sustainable entrepreneurship by sourcing local produce from them. "Sisu Diriya" [Powering school students] on the theme of fueling the dreams and aspirations of the next generation extended invaluable support to the students in rural villages surrounding Amaya Resorts and Spas. The programme provided a place to study, an e-learning center and free tuition classes for students sitting for Ordinary Level, Advanced Level and Grade Five Scholarship examinations, particularly when the country was experiencing many hours of power outages.

NURTURING THE NATURE

We rolled out many initiatives during the year in line with one of our key promises of Protection of the Eco System under our ESG priorities. Drawing inspiration from the tree planting initiative dubbed “The Kirulu” conceptualised and implemented by our parent company in preserving biodiversity, we planted over 30 carefully chosen varieties of trees with a high impact on the environment across our resorts and spa premises. Bee harvesting also continued with twelve new bee boxes being added to our bee colonies at Amaya Hills in Kandy being a part of a growing collection of bee-friendly landmarks across the island. Beach cleaning in Pasikudah, litter picking in Hanthana and cleaning the surrounding areas of Kandalama lake were some of the other environmental-friendly initiatives that were rolled out through our properties of Amaya Beach, Amaya Hills and Amaya Lake with employee volunteerism. As a part of our continued efforts to integrate environmental consciousness to business operations, all single-use plastic bottles for shampoo, conditioner, shower gel and lotion were replaced with ceramic pumps in all three resorts.

During the year at Amaya Kuda Rah in Maldives, our team entered the second phase of the iconic coral restoration project which they commenced in 2019. This project has largely contributed towards enhancing natural infrastructure

resilience of the Maldives which is facing severe threat from rising sea levels due to global warming.

WAY FORWARD

Sri Lanka’s tourism sector possesses exponential potential and can be developed as the one catalyst which will turn the fortunes of our country to the better. The sector is in need of a robust, long term, inclusive and resilient framework that integrates both public and private participants in guiding the sector on incremental goals. The sector also has considerable upside potential in integrating female entrepreneurs and eco-friendly aspects across the board, which will sharpen Sri Lanka’s competitive edge as a preferred tourist destination in the world. With Forbes having ranked Sri Lanka as one of The 23 Best Places To Travel Around The World In 2023, the spotlight is shining again on our island nation.

We are hopeful that the structural anomalies that plague the sector will be addressed soon under a national policy framework for tourism allowing the sector to thrive and reach its true potential. Hayleys Leisure PLC remains committed in its mission to support this national cause, by offering the very best of this tropical heaven through the warm hospitality of Amaya Resorts and Spas.

ACKNOWLEDGMENTS

As we look forward to a year marked by revival and hope, I wish to place on record my heart-felt appreciation to the Chairman Mr. Mohan Pandithage and the Board of Directors for their guidance and insight through tumultuous times. I take pride in leading the passionate, persevering and dynamic team at Hayleys Leisure and thank them immensely for their contribution in furthering the strength of Hayleys and Amaya brands in Sri Lanka and Maldives. Last but not least, I take this opportunity to thank our valued customers, shareholders, business partners and other stakeholders for their continued support and look forward to their partnership in the coming year.



Rohan Karr

Managing Director
08 May 2023

BOARD OF DIRECTORS

Mohan Pandithage **Executive Chairman**

[Appointed on 01 December 2011]

Mr. Mohan Pandithage currently serves as the Chairman and Chief Executive of Hayleys PLC, a position he has held since his appointment in July 2009.

As an accomplished industry veteran and respected leader in the field of transportation and logistics, he was honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. Additionally, he was presented with a Lifetime Achievement Award by the Seatrade-Sri Lanka Ports, Trade and Logistics [SLPTL]. He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport [CILT]. He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association, in acknowledgement of his invaluable services to Sri Lanka's logistics industry.

Mr. Pandithage serves as Honorary Consul of the United Mexican States [Mexico] to Sri Lanka. He is a Fellow of the Chartered Institute of Logistics and Transport [UK] and a Member of the Advisory Council of the Ceylon Association of Shipping Agents [CASA]. He also serves as a Council Member of the Employers' Federation of Ceylon.

As an Executive Chairman of multiple companies within the Hayleys Group, Mr. Pandithage possesses extensive leadership experience across a broad spectrum of industries. Presently, he holds the position of Executive Chairman at Dipped Products PLC, Haycarb PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Horana

Plantations PLC, Alumex PLC, Hayleys Fabric PLC, Regnis [Lanka] PLC, Singer [Sri Lanka] PLC, Singer Industries [Ceylon] PLC, The Kingsbury PLC and Unisyst Engineering PLC. He also serves on the Board of Diesel & Motor Engineering PLC.

Rohan Karunarahaj (Rohan Karr) **Managing Director**

[Appointed on 01 June 2019]

Mr. Rohan Karr Joined as an Executive Director of the board of Hayleys PLC in June 2019. He also serves as Managing Director of the Hayleys Leisure sector which includes The Kingsbury PLC, Hayleys Leisure PLC and its subsidiaries Amaya Resorts & Spas. Mr. Karr holds a Masters in Hospitality and Business Studies from the United Kingdom and is a veteran in the hospitality industry with over 40 years' experience. He has held senior positions such as Executive Vice President / Sector Head / General Manager at leading hotels in both Sri Lanka and in UK. He has also served as Regional Director - Revenue Management of Marriott Hotels for Whitbread Hotel Company - UK, as General Manager of Bristol Marriott Hotel - UK and Marriott Marble Arch - London UK before his return to Sri Lanka. He was instrumental in revitalizing standards for the entire domestic hospitality sector through his groundbreaking work as Executive Vice President of John Keells Holdings, overlooking the Cinnamon City Hotels and Resorts chain and as Head of Brand Development for Cinnamon.

Sarath Ganegoda **Non-Executive Director**

[Appointed on 01 April 2021]

Mr. Sarath Ganegoda rejoined Hayleys in March 2007. Appointed to the Group Management Committee in July 2007. Appointed to the Board in September 2009. Fellow Member of CA Sri Lanka

and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. Subsequently, held several senior management positions in large private sector entities in Sri Lanka and overseas. Has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Unisyst Engineering PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Regnis [Lanka] PLC, Singer [Sri Lanka] PLC, Singer Industries [Ceylon] PLC, The Kingsbury PLC and Horana Plantations PLC.

Harsha Amarasekera, PC **Independent Non-Executive Director**

[Appointed on 28 February 2005]

Mr. Harsha Amarasekera, President's Counsel is a leading luminary in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

Mr. Amarasekera also serves as the Chairman of several listed companies in the Colombo Stock Exchange including Sampath Bank PLC, Vallibel One PLC, CIC Holdings PLC, Royal Ceramics Lanka PLC, Swisstek [Ceylon] PLC, Vallibel Power Erathna PLC. He is also the Chairman of CIC Agri Business (Private) Ltd and Swisstek Aluminum Ltd. He is also an Independent Non-Executive Director of Expolanka Holdings PLC, and Ambeon Capital PLC.

Ramani Ponnambalam

Independent Non-Executive Director

[Appointed on 01 December 2011]

Ms. Ramani Ponnambalam has held several Senior Management positions in large private sector entities.

Ms. Ponnambalam has served as the Chairperson of Alliance Finance Company PLC, as a Director of McLaren Holdings Ltd & GAC Shipping Ltd. She currently serves as a Director of The Kingsbury PLC, Macbertan Holdings (Pvt) Ltd and Pidilite Lanka (Pvt) Ltd.

Ms. Ponnambalam is presently the Managing Director of Macbertan (Pvt) Ltd. She has also been in roles of international and local business development and negotiation.

Ms. Ponnambalam was appointed as a Founder Member of the Commonwealth Business Women's Leadership Group (Sri Lanka) on 13th November 2013. She also currently serves as Jt. Head of Governance Pillar of the Women's Chamber of Industry & Commerce.

Johann Wijesinghe

Non-Executive Director

[Appointed on 15 March 2017]

Mr. Johann Wijesinghe was employed at Hayleys PLC from 2008 to 2019, during which time he served as a member of the Group Management Committee and as the Managing Director of Hayleys Aviation & Projects (Pvt) Ltd, as well as of Unisyst Engineering PLC.

Mr. Wijesinghe currently serves as a Non-Executive Director on the Boards of Hayleys Aviation & Projects (Pvt) Ltd, Unisyst Engineering PLC, The Kingsbury PLC, S&T Interiors (Pvt) Ltd, Summer Seasons Ltd and Greener Water (Pvt) Ltd.

Mr. Wijesinghe formerly served as a Non-Executive Director on the Board of

Sri Lankan Airlines Ltd, as well as on the Board of Sri Lankan Catering Ltd. Prior to joining Hayleys, Mr. Wijesinghe held several senior positions at Sri Lankan Airlines, including management positions in Europe, the Middle East, the Far East, as well as in the Head Office in Colombo, Sri Lanka. During his tenure at the airline, Mr. Wijesinghe was a member of its Group Senior Management Team. He also served as a Committee Member on the Pacific Asia Travel Association's (PATA) Education Authority. Overall, Mr. Wijesinghe holds over 35 years of experience in the aviation industry.

Mr. Wijesinghe holds an MBA from the University of Leicester (UK) and is a Member of the Chartered Institute of Marketing (UK).

Additionally, Mr. Wijesinghe has served as the Chairman of Litro Gas Lanka Ltd. He also has in excess of 5 years of senior management experience in the hospitality industry.

Warini De Costa

Independent Non-Executive Director

[Appointed on 01 July 2014]

Ms. Warini De Costa counts over 30 years of experience in Finance and Management, 21 years of which have been with Glaxo Wellcome Ceylon Ltd where she served as a Board Director, Company Secretary and CFO. She also served as the Director of Finance of Cinnamon Grand and Cinnamon Lakeside hotels.

Presently, Ms. De Costa serves as a Non-Executive Director at Janashakthi Insurance PLC where she chairs the Board Audit Committee.

Ms. De Costa is a Fellow of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka and holds an

MBA from the Postgraduate Institute of Management University of Sri Jayewardenepura.

Ranil de Silva

Independent Non-Executive Director

[Appointed on 01 September 2021]

Mr. Ranil De Silva served as the Jt. Managing Director of Aitken Spence Hotel Management (Pvt) Ltd and as the Managing Director of Hemas Hotel Sector and has wide experience locally and overseas in diverse industries. Mr. De Silva is a Fellow Member of the Chartered Institute of the Management Accountants UK, an Associate Member of the CA Sri Lanka and a Member of the Chartered Institute of Marketing UK. He is also an Independent non-executive Director of Singer Finance (Lanka) PLC, The Autodrome PLC and Central Industries PLC.

Brindhiini Perera

Non-Executive Director

[Appointed on 19th October 2022]

Ms. Brindhiini Perera has earned a Masters in Mechanical Engineering from Imperial College London. Her studies included comprehensive coverage of subjects such as Manufacturing Technology and Management, Entrepreneurship, Corporate Finance, Statistics, and Mathematics.

She serves as a Non-Executive Director in several companies listed on the Colombo Stock Exchange including Vallibel One PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, The Kingsbury PLC, and Singer (Sri Lanka) PLC. She also serves on the Board of Eurocarb Products Ltd (UK), Delmege Ltd, Otwo Biscuit (Pvt) Ltd, The Canbury Biscuit Company Ltd, Manatee Clothing Company (Pvt) Ltd and Dhammika & Priscilla Perera Foundation.





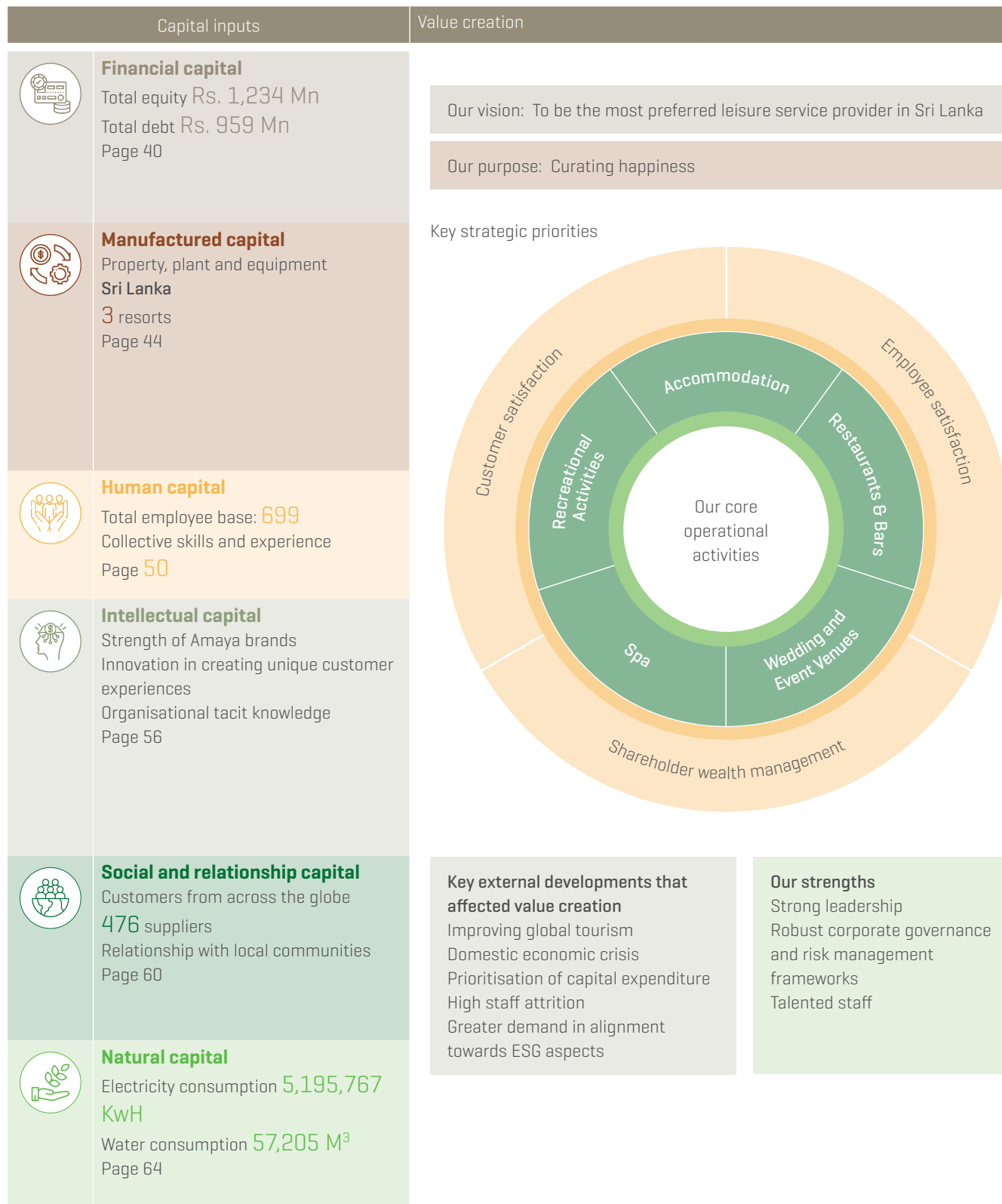
OPERATING LANDSCAPE AND VALUE CREATION

RELENTLESS COMMITMENT









Unveiling a panoramic vista of opportunities, we redefine customer experiences to curate unrivalled value across the leisure landscape, delivering exceptional value that propels our ascent to new horizons.

VALUE CREATION MODEL

The Value Creation Model depicted in graphical form below demonstrates how Hayleys Leisure PLC's resources and relationships are deployed in generating value to all our stakeholders. The Model is developed based on the six capitals



prescribed by the Integrated Reporting Frameworks, and depicts how these capital inputs are transformed through the company's core strategic priorities and operations into tangible stakeholder value.

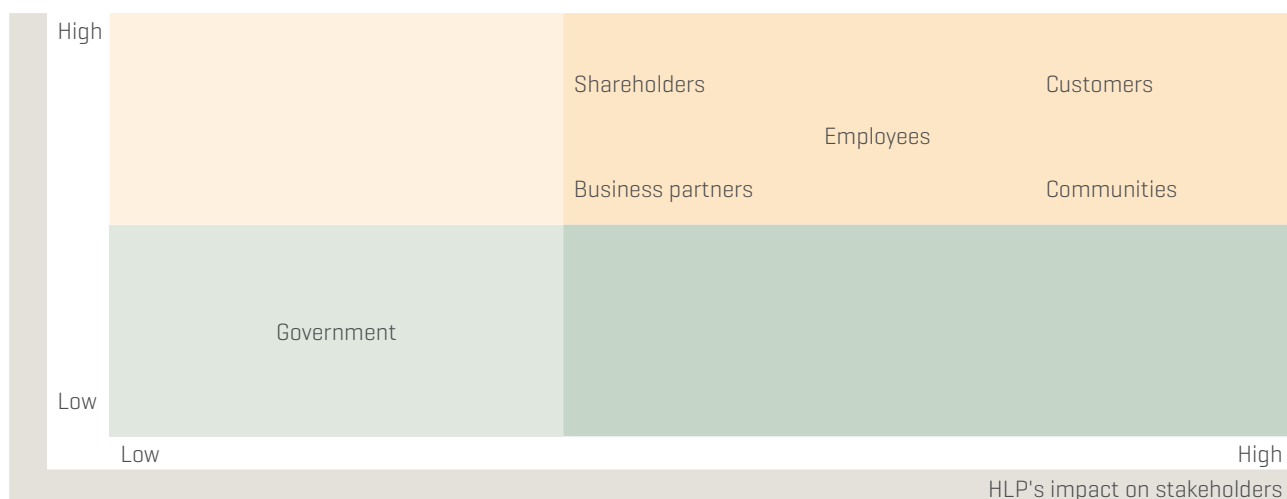
Outputs	Outcomes	Stakeholders impacted
Total revenue Rs. 1,532 Mn EBITDA Rs. [370 Mn]	Earnings per share Rs. [6.86] Share price movement 49%	Shareholders  Employees 
Upgrades to properties	Capital expenditure Rs. 155 Mn	Customers  Employees 
Investment in training & development Rs. 2.4 Mn	Salaries and benefits to employees Rs. 273 Mn Attrition rate 31%	Employees 
Our brand rating as per Trip Adviser 8.8	Average length of service of employees - 3.9 years	Customers  Employees  Shareholders 
Beneficiaries of CSR initiatives 12,183	Investment in community empowerment initiatives Rs. 2.05 Mn	Customers  Communities 
Carbon footprint 2,969 TCO ₂ e	Reduction in water consumption by 26%	Communities 


STAKEHOLDER ENGAGEMENTS



Striking partnerships for mutual success

HLP maintains sound relationships with all its stakeholders. We adopted the dual pronged approach of assessing the influence stakeholder groups can exert on the value creation process of HLP and the impact HLP makes on stakeholder groups - in prioritising our engagements with them, as depicted below. As the year was steeped in multiple challenges, we took extra efforts in aligning the interests of the stakeholders with our strategic priorities.



Stakeholder influence on value creation of HLP




Shareholders 	
How we engaged them	Annual General Meetings, Extra-ordinary General Meetings Other continuous one-on-one investor meetings on a needs basis Periodic publication <ul style="list-style-type: none"> · Annual report [print and online version] · Quarterly Financial Statements · Announcements made to the Colombo Stock Exchange Corporate websites of Amaya Resorts and Hayleys PLC https://www.amayaresorts.com/ https://www.hayleys.com/investor-relations/
Key concerns during the period	Impact of the socio, political and economic challenges on the business operations Continuity of operations as per HLP standards amidst unique challenges affecting the hospitality sector Generation of shareholder returns amidst high tax, high inflation conditions Resilience of the governance and risk management framework Competency of the Board and Management in navigating through challenges Integration to environmental, social and governance aspects
How we responded	Strategic realignment in response to external environmental shocks to ensure continued operations and loss mitigation Strengthening governance Establishment of Risk Management Framework
Notable outcomes	Net asset value per share – Rs. 12.69 Share price as at 31 march 2023 – Rs. 24.00

Customers 	
How we engaged them	Customer relationships/ first-hand customer interactions at our properties Direct customer feedback on social media platforms, Feedback received via channel partners Corporate websites of Amaya Resorts and Spas Customer satisfaction surveys Brochures, itineraries, magazines, other publications
Key concerns during the period	Quality of product and service delivery, Escalation in prices, Safety and privacy Integration to sound ESG practices
How we responded	Pricing strategy closely connected with enhanced value for money permitted under the current conditions Realignment of processes and resources to ensure maximum guest comfort and satisfaction Continued commitment to significant ESG aspects powered by Hayleys Lifecode
Notable outcomes	Trip Advisor rating 8.8 Achieved 6.8/10 customer satisfaction rating in Trip Advisor
Employees 	
How we engaged them	Continuous training and development initiatives Employee of the month recognition programme, Periodic staff meetings Structured grievance handling process Employee volunteerism linked to corporate sustainability initiatives, Staff recreation activities
Key concerns during the period	Job security and financial security Additional support and care given the unique challenges faced Continued investments in training and development Career advancement opportunities in a year of subdued performance Diversity and inclusion Work life balance
How we responded	Exceptional care extended to our team with zero layoffs, no salary cuts and no benefit curtailments Upward revisions to salary levels to be at par with market median Specialized support extended including economic hardship allowance and Company arranged transportation Continued investments in training and development
Notable outcomes	Investment in training and development Rs. 2.4 Mn Training hours per employee 1.02

STAKEHOLDER ENGAGEMENTS

Business partners 	
How we engaged them	First hand interactions through physical or virtual meetings Visits to business partners Contractual agreements Periodic seminars, workshops or forums
Key concerns during the period	Undisrupted business relationships Timeliness of payments and payment terms Fair pricing Understanding of limitation prevalent, professionalism of engagement Revised terms and conditions in response to the external challenges
How we responded	Strengthened relationships with all business and channel partners through the entire value chain Mutual support and understanding in response to the challenges Enhanced governance in fair pricing and deciding terms and conditions
Notable outcomes	Rs. 560 Mn paid to suppliers
Government 	
How we engaged them	Direct engagements in matters concerning the industry Timely reporting to relevant regulatory bodies, and payment of taxes
Key concerns during the period	Expeditious recovery of the sector as a critical contributor in the national economic revival Contribution to the national economy through tourism income, job creations and keeping connected sectors/communities live through continued demand Job security of the tourism sector Contribution to fiscal revenue through timely and accurate tax payments Environmental preservation and communities upliftment
How we responded	Timely payment of corporate taxes Continued collaboration of with the Sri Lanka Tourism Development Authority in promoting Sri Lanka in the global tourism market Active dialogue with Government authorities in devising strategies to propel the recovery and growth of Sri Lanka's tourism
Notable outcomes	Rs. 0.755 Mn paid in taxes with zero lapses Full compliance with applicable laws and regulations

<div>Community</div> 	
How we engaged them	Corporate social responsibility initiatives in community empowerment and nature preservation Comprehensive reporting on our ESG practices Social media platforms
Key concerns during the period	Patronage of local communities in sourcing and employment creation Empowerment of communities through capacity building and other initiatives Support to local communities in facing the adversities of the economic crisis Respect to local communities Biodiversity and eco-systems preservation
How we responded	Sisu Diriya initiative – supporting local village children during the power crisis to continue education Hayleys Leisure Training Institute Numerous initiatives under the theme of environmental preservation
Notable outcomes	60 young local students graduated from the Hayleys Leisure Training Institute 233 trees planted during the year

OPERATING ENVIRONMENT

Times of unprecedented challenges

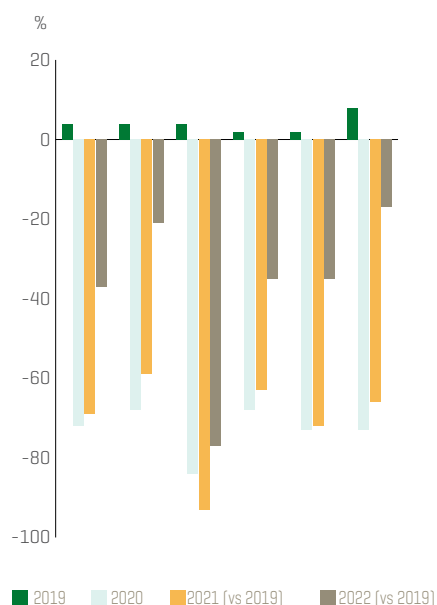
The environment against which we functioned in 2022/23 was unprecedented. The global economy was on the much anticipated recovery mode with favourable prospects for Sri Lanka as a travel destination. However, the economic crisis that unfolded adversely affects these prospects with the tourism sector bearing significant negative effects of the crisis.

Global tourism on recovery

Total international travels	Over 900 million tourists
Recovery versus pre-pandemic levels	63%
Regional performance	Middle East - Strongest relative increase with 83% recovery versus pre-pandemic level Europe - 585 million arrivals with 80% recovery versus pre-pandemic level Africa and the Americas - Approximately 65% recovery Asia and the Pacific - Lowest recovery rate at 23% attributable to stronger pandemic-related restriction

International Tourist Arrivals, World and Regions

International Tourist Arrivals



Best performing destinations 2022

US Virgin Islands
Albania
Honduras
St. Maarten
Andorra

Total tourist arrivals
719,978

Best performing destinations in terms of receipts 2022

Turkiye
Romania
Portugal
Latvia
Mexico

Tourism revenue
USD 1.2 Bn

Sri Lankan tourism sector performance

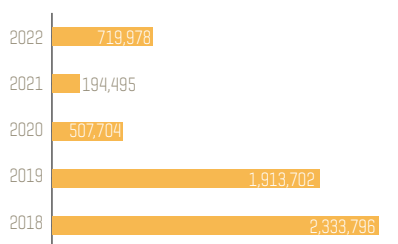
Total tourist arrivals	Tourism revenue
719,978	USD 1.2 Bn

Sri Lanka's tourism sector which was anticipating a reversal of ill fortune since the Easter Sunday terror attacks in 2019, could not meet its original set tourist arrivals target of 1 Mn for the calendar year [CY] 2022. Total arrivals for the CY was 719,978 and was severely affected by the socio, economic and political changes that plagued the country in 2022. The year was also marked by advice against all but essential travel to Sri Lanka by certain countries such as the United Kingdom, one of Sri Lanka's top outbound markets on account of civil unrest seen during the year. The sector was pushed to precarious levels putting job security of thousands of employees at risk and depriving the Sri Lankan economy of much needed foreign currency earnings. Arrivals were also

affected due to travel restriction extended in China as a part of its zero Covid policy to tackle emerging outbreaks of the pandemic, with China being Sri Lanka's third highest outbound markets.

With the country's economic situation gradually improving and the resumption of travel from China, tourist arrival numbers gradually picked up during the fourth quarter of 2022, with the trend continuing in to the first quarter of 2023.

Tourist Arrivals - Sri Lanka



Maldivian tourism sector performance

Total arrivals	Average duration of stay
1,675,303	8 days

The CY 2022 was a year of strong growth for Maldives, building on the momentum achieved in 2021 as one of the first destinations to open up its borders

for international arrivals in the post-pandemic new normal. Maldives exceeded its arrivals target for 2022 of 1.5 million with 1,675,303 total arrivals for the year. The trend continued in to 2023 with 523,928 arrivals recorded for the first quarter of 2023, demonstrating hope towards exceeding pre-pandemic level arrivals of 1.7 million. India continued to be Maldives's top outbound market whilst duration of stay averaged to 8 days.

Macro-economic challenges in Sri Lanka and its impact of the Sri Lankan tourism sector

1. Sovereign downgrade to Restricted Default

How the condition evolved: Sri Lanka's credit rating was subject to successive downgrades since 2020 given the country's various economic imbalances. The Government of Sri Lanka (GoSL) discontinued servicing its international debt in April 2022 given severely depleted foreign currency reserves which was a result of continued external debt

servicing, sharp downturn in tourism earnings triggered by the pandemic, and reduced inflow of worker remittances through formal banking channels given the control exchange rate. With the lapse of a one month's grace period available for debt servicing, the country was downgraded to Restricted Default in May 2022.

How it impacted the Sri Lanka tourism sector/ Hayleys Leisure PLC

- Reduced access to international funding in form of equity and debt investments affecting the country's development projects such as infrastructure
- Adverse outlook in global markets for Sri Lanka
- Resultant hardships and unconducive environment in the country directly affecting tourist arrivals

2. Inflation

How the condition evolved: Inflation skyrocketed in since March 2022, fueled by both supply side shocks and demand side pressures. The scarcity of foreign reserves

led to strict controls on importations which caused severe shortage of many items such as fuel, cooking gas, essential food items, etc.

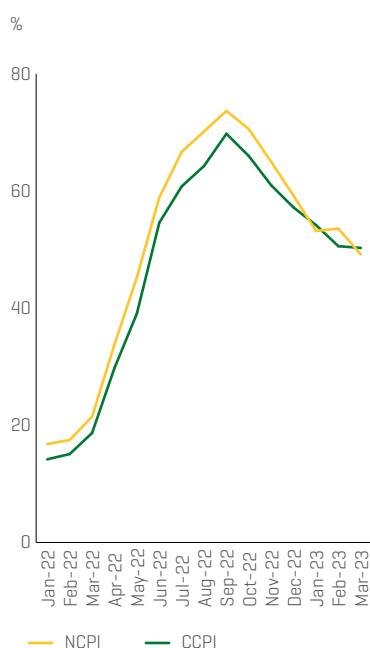
How it impacted the Sri Lanka tourism sector/ Hayleys Leisure PLC:

- Exorbitant increases in prices of all inputs
- Upward revisions required to pricing policies which affected customer demand in an environment where customer spending capacities were already diminishing
- Adverse impact on profitability

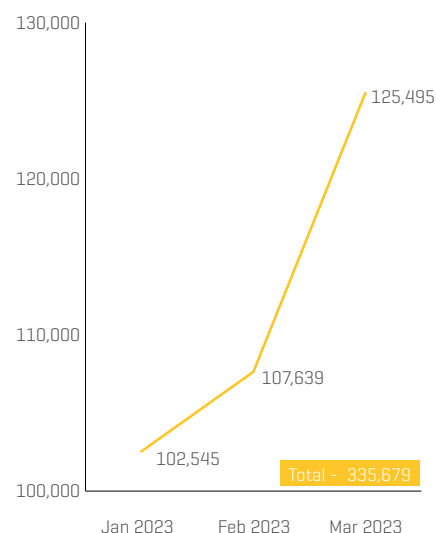
3. Exchange rate movement

How the condition evolved: The Central Bank of Sri Lanka (CBSL) abandoned a peg of LKR 200/- against the USD in March 2022, allowing the exchange rate to be decided by market factors. This saw the Sri Lankan Rupee depreciating by over 80% in 2022. The Rupee has appreciated by over 9% since end 2022 to the end of first quarter of 2023, as a result of the policy measures taken to manage the various economic imbalances.

Inflation



Tourist Arrivals - Sri Lanka 2023



How it impacted the Sri Lanka tourism sector/ Hayleys Leisure PLC

- Import restrictions imposed to maintain external rupee stability leading to scarcity of inputs and disrupting operations
- Escalation of cost of imported input
- Upside on revenue from foreign currency denominated pricing, which were not optimized given the reduced demand

4. Market interest rates

How the condition evolved: In response to spiraling inflation, the CBSL increased policy rates, the highest ever seen in the country's history. This led to considerable upward movement in market rates across the board.

Operating environment

How it impacted the Sri Lanka tourism sector/ Hayleys Leisure PLC

- Hike in interest expenses
- Adverse impact on profitability
- Discouraged further borrowings for business expansions and developments

5. New tax regime

How the condition evolved: In its attempt to enhance fiscal revenue and address the chronic issue of Government budget deficit, the GoSL revised its tax policy in the latter part of 2022.

Corporate income tax rate of 24% increased to 30% with effect from October 2022

Value added tax increased to 15%

Withholding tax on interest income of 5%

How it impacted the Sri Lanka tourism sector/ Hayleys Leisure PLC

- Impact on profitability and retained earnings to be deployed as capital for business expansions and developments

6. Exodus of skilled labour

How the condition evolved: Given the hardships faced, many Sri Lankans resorted to migrating to the developed world. This led to an acute skill gap across many sectors.

How it impacted the Sri Lanka tourism sector/ Hayleys Leisure PLC

- One of the most severely affected industries in terms of skilled labour migration
- Attrition of around 31% at Hayleys Leisure PLC

Looking forward – Opportunities and Risks

Global tourism in 2023

- > International tourist arrivals expected to reach 80% to 95% of pre-pandemic levels
- > Top factors likely to affect the extent of recovery of the sector
 - o Economic environment
 - o Higher transport and accommodation costs
 - o Uncertainty from Russian offensive in Ukraine
 - o Travel restrictions
 - o Low consumer confidence
- > Notable tourists behaviours anticipated
 - o Increasingly seeking value for money
 - o Traveling closer to home in response economic challenges

Impact on Sri Lankan and Maldivian markets

The strong recovery of global tourism will auger well for both the destinations. Sri Lanka being ranked amongst Forbes's The 23 Best Places to Travel Around the World in 2023 has refocused the spotlight on the island nation. Maldives being on a strong recovery path ahead of other destinations due to its bold move of opening up its borders is set to capitalize on the global recovery trend.

Sri Lankan economy in 2023

- > Inevitable challenges to persist in the near term – GDP growth for 2023 forecast to be stemmed at negative 3%
- > Economy expected to rebound in 2024 with a positive GDP growth rate of 1.3%
- > Improvements shown in all key economic performance indicators such as inflation, exchange rate and market interest rates
- > The Extended Fund Facility of the International Monetary Fund and recommended economic policy reforms envisaged to propel the gradual improvements in the economy to pre-economic crisis levels in the medium term

Opportunities / Way forward and Risks for Hayleys Leisure PLC

Given Hayleys Leisure PLC's decades of prowess in Sri Lankan leisure and hospitality, together with the strength of the Hayleys Group, we are poised for a year of consolidated growth in 2023 and beyond. We are cognizant of the following opportunities and risks that will shape our progress ahead.




Opportunities / Way forward

- High growth prospects with the recovery of the global economy, normalisation of tourism to pre-pandemic levels and gradual recovery of the Sri Lankan economy
- Mammoth upside potential available in creating unique holiday experiences in response to emerging customer needs and in capitalising on strengths of Sri Lanka as a preferred destination
- Greater alignment to environmental, social and governance related aspects, and making our operations more inclusive and dynamic, thereby more acceptable amongst our customers

<ul style="list-style-type: none"> Strengthening our market position in Maldives and possible expansion of our presence, given the country's thriving tourism sector
<ul style="list-style-type: none"> Creating skilled labour through the Hayleys Leisure Training Institute with benefits extended to the overall tourism sector
<ul style="list-style-type: none"> The strength of the Hayleys Group and potential synergies in driving the Hayleys and Amaya brands as a most preferred choice for local and international tourists
Risks and our responses
<p>Economic situation of the country</p> <ul style="list-style-type: none"> Although gradually improving as previously discussed, Sri Lanka's key economic indicators such as inflation, exchange rate and interest rates have considerable scope to achieve in reverting to pre-economic crisis levels. These indicators will continue to exert pressure in the near to medium term. Our response: Tactical changes to our strategy such as re-assessment of growth plans, prioritising on capital expenditure, liquidity and external funding optimization through working capital management, etc., will help mitigate the impact.
<p>High attrition of skilled labour</p> <ul style="list-style-type: none"> The combined effects of the challenges prevalent in Sri Lanka post the economic crisis and high international mobility of tourism sector talent, we face escalated and continued risk in attrition. Our response: Significant investments in our human capital including in training and development, compensation and ensuring well-being. Hayleys Leisure Training Institute providing a continuous inflow of passionate, trained and young talent to our pool. The wide network of our resorts and spas across Sri Lanka and Maldives, providing talent exchange between properties.
<p>Greater scrutiny on the tourism sector in combatting climate change</p> <ul style="list-style-type: none"> The sector's contribution to emission of greenhouse gases, the cause of global warming has called for remedial action across the globe. Tourism sector operators' environmental responsibility has become a key criterion for climate conscious tourist in making their travel choices. <p>Impact of climate change on tourism</p> <ul style="list-style-type: none"> Climate change leads to erratic weather patterns affecting length and quality of tourism seasons. Sri Lanka remains within the top ten countries across the globe to be affected by climate change. Maldives as a country faces the risk of approximately 80% of its land becoming uninhabitable during the 21st century. Our response: Strategic commitment to environmental preservation, reducing our carbon footprint and greening our processes, under the guidance of the Hayleys PLC's Lifecode - the framework that integrates Environment, Social and Governance related targets and goals into business strategy across each of its 16 business sectors.
<p>Cyber risk</p> <ul style="list-style-type: none"> With greater adoption of digital modes in connectivity; company information, proprietary customer data and customer privacy are exposed to cyber threats. Our response: Hayleys Group level key IT security protocols in place featuring network access control solutions, data loss prevention controls and firewalls among others.
<p>Competition</p> <ul style="list-style-type: none"> Competition stems from local peers as well as other global destinations. As a country, the sector lost market share to other global destinations during the economic crisis. Our response: The strength of Amaya and Hayleys brands synonymous with exceptional guest experiences and our robust network of global tour operators help mitigate the risk of competition.

OUR ESG PLEDGE

Commitment to environmental, social and governance excellence is deeply embedded in the Hayleys Leisure PLC's ethos. Our every action and interaction with stakeholders places this trilogy at the centre and we embrace responsibility for all that we do. Our ESG endeavours are guided by the ESG blueprint of the parent company Hayleys PLC – Hayleys Lifecode, which is a comprehensive set of guidelines to be followed. ESG priorities set at the parent company level are as follows.

 Environment	 Social	 Governance
Minimise our footprint while seizing opportunities to shape a greener future	Striving and thriving together for a better tomorrow	Responsible and responsive corporate citizenry
<ul style="list-style-type: none"> • Water utilisation • Waste and chemicals • Primary resource utilisation 	<ul style="list-style-type: none"> • Work force and diversity • Health, safety and well-being • Supplier and customer relationship • Community relationship 	<ul style="list-style-type: none"> • Structure and oversight • Codes and values • Transparency and accurate reporting • Organisation risk management

As a seasoned player in the Sri Lankan and Maldives leisure and tourism sector we are cognizant of the tremendous contribution that we can make towards a greener planet, empowered communities and stronger governance. We draw strength from our ages of expertise and exposure in the sector in shaping and driving our ESG priorities.

Summarized below are Hayleys Leisure PLC's key promises.

	Protection of the eco-systems We will preserve and grow our surrounding eco-systems in order to save the flora and fauna which are facing the threat of extinction, for the generations to come
	Employment based skill development We are committed to promoting skill-based education for underprivileged youth of the communities we function in. We believe that developing skills is the foundation for a sustainable future
	Livelihood development We will always reach out to the local communities to promote sustainable entrepreneurship by sourcing from them
	Improving health and sanitization We will constantly strive to build a healthy society in the local communities through infrastructure development, health camps and awareness sessions
	Promoting art and culture We are committed to promoting local art and culture at each of our locations in order to preserve them for the future generations
	Education for the youth We are committed to promoting education for the underprivileged children of the communities to uplift their literacy levels and create a learning culture

We also consciously make contribution towards the United Nations' Sustainability Development Goals (SDGs) which enhances the impact of our actions.



Key initiatives conducted during the year

The Company was relentless in its ESG endeavours, despite the challenges that marked the year.

Our ESG scorecard – Key highlights

Environmental initiatives

- Conversion to eco-friendly packaging
- Energy Saving
- Tree planting initiatives
- Bee harvesting project
- Corals restoration project (in the Maldives)
- Environment clean-up initiatives
- Creating environmental awareness in communities

Natural capital – page 64

Social/ community empowerment initiatives

- Sisu Diriya – Project committed to supporting school children in communities
- Hayleys Leisure Training institute
- Alms giving
- Driving gender diversity in our team

Human capital – page xx

Social and Relationship capital – page 60

Governance initiatives

- Greater focus and time of the Board of Directors spent on external challenges that affected the business
- Strengthened risk management framework
- Full compliance with all applicable rules and regulations and adherence to voluntary standards and internal best practices

Corporate governance – page 72

Our ESG scorecard – Key highlights

Environmental	Carbon foot print – 2,967 TCO ₂ E Trees planted – 233
Social	Sisu Diriya initiative – Over 250 school children supported in their education Hayleys Leisure Training Institute – 60 youngsters qualified Gender composition of our team – 16% females
Governance	Zero lapses in applicable laws or regulations

MATERIAL MATTERS

Material topics that affect HLP's value creation process in the short, medium and long run have provided the basis in compiling our Integrated Report. The impact on the financial performance of HLP and the impact on economic, social and environmental aspects of stakeholders connected to us are considered in arriving at such material topics.



Materiality matrix

Impact on the Company	High		9, 13	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
	Medium			10
	Low			
		Low	Medium	High
Impact on the stakeholders				

#	Material topic	Why it is material to our value creation and strategic aspirations	Impact on the Company	Impacted stakeholders	Impact on the stakeholder	Read more on how we reported on this material topic
1	Managing macro-economic challenges	Directly affects performance as any turbulences in the macro economic conditions can adversely affect Group performance and vice versa	High	Shareholders, Customers, Employees, Business partners	High	Operating environment - Page 30
2	Managing socio-political developments	Social unrest can adversely affect Group performance, whilst political leadership and related policies have a direct impact on the Group performance	High	Shareholders, Customers, Employees, Business partners	High	Operating environment - Page 30

#	Material topic	Why it is material to our value creation and strategic aspirations	Impact on the Company	Impacted stakeholders	Impact on the stakeholder	Read more on how we reported on this material topic
3	Business continuity	The relevance of this topic was heightened during the year, as the sheer enormity of challenges led to discontinuity of many businesses across multiple industries	High	Shareholders, Employees	High	Looking forward – Opportunities and Risks – Page 32, Way forward discussion under each Capital – Pages 40 – 70
4	Profitability	Generates healthy returns to our shareholders and enhances equity to support business growth	High	Shareholders, Employees, Government	High	Financial capital – Page 40
5	Excellence in customer service	This is a critical factor for our success as happy guests add on to our brand value	High	Customers	High	Social and relationship capital – Page 60
6	Employee satisfaction and well-being	Employees are a critical resource in our value creation and their satisfaction and well-being matter to us	High	Employees	High	Human capital – Page 50
7	Talent attraction and retention	Right talent and retention enables us to pursue our strategic aspirations	High	Employees	High	Human capital – Page 50
8	Upkeep and upgrade of our properties	Our properties are a critical input our value creation and their condition is directly related to the value we create to relevant stakeholders	High	Customers, Employees	High	Manufactured capital – Page 44
9	Brand positioning of Hayleys Leisure and Amaya	Constitutes our intellectual capital	High	Customers	Medium	Intellectual capital – Page 56
10	Community engagements and support	Communities are a key stakeholder group who support our value creation	Medium	Communities	High	Social and relationship capital – Page 60
11	Impact on eco-systems and bio diversity	We are dependent on the environment for resources and weather patterns for quality tourist seasons. We also have a strategic commitment to ESG	High	Customers, Communities	High	Natural capital – Page 64
12	Strong governance and risk management	Good governance and sound risk management ensure the resilience, strength, stability and future-readinesses of the Group	High	Shareholders, Employees	High	Corporate governance – Page 72, Risk Management – Page 86
13	Deploying digital and IT capabilities	Enables efficiencies, reduces costs and delivers a better customer experience	High	Customers, Employees, Shareholders	Medium	Manufactured capital – Page 44



A photograph of a well-lit interior space, likely a hallway or a lounge area. The walls are a warm, light beige color, and the ceiling features dark wood trim. A wooden bench is positioned against the wall on the left. A small, modern wall sconce is mounted on the wall above the bench. To the right, a wooden side table holds a lamp with a warm, glowing light. A wooden picture frame with intricate carvings is mounted on the wall above the table. The floor is covered in a light-colored carpet. The overall atmosphere is cozy and elegant.

MANAGEMENT DISCUSSION AND ANALYSIS

UNIQUE PERSPECTIVES

Our visionary minds delve deep into a profound exploration of strategic insights and analytical depth that pave the way for sustained growth in the ever-evolving landscape of the leisure industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial capital



What constitutes our Financial Capital?

Equity capital including shareholders' funds and debt capital that fund the pursuit of our strategic objectives and growth plans

How Financial Capital enhances our value creation process:

Ensuring that we have access to low cost funds would mean that we are able to optimise the overall cost of funds, which will enhance our profitability. Availability of funds would also mean sound liquidity to carry out our operations smoothly, and also to incur capital expenditure for growth and expansion.

Core Financial Capital outcomes during the year:

+97%

increase in revenue

8%

reduction in post-tax loss

Post tax loss of

Rs. 824 Mn

Inter-links with other capitals:

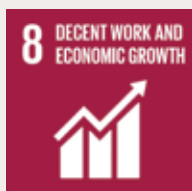
- Human capital
 - Employee related benefits
- Social & relationship capital
 - Enhanced customer experiences and relationships drive patronage and revenue
 - Funds deployed in community empowerment initiatives
- Natural capital
 - Growth and expansion consumes greater natural resources
 - Climate conditions free from erratic weather patterns leads to better tourist seasons, hence more revenue
 - Funds deployed in eco-system and bio-diversity preservation initiatives

Key risks/ challenges and mitigants

- Rising cost of funds
- Losses adversely affecting equity capital
- Limited access to funds in the financial market

Mitigants – Prudent financial management practices, rationalisation of capital expenditure and growth plans, cost optimization to preserve profitability and business drive to increase revenue

Contribution to SDGs



Opportunities/ Way forward



- Stresses expected to continue in the near term
- Further strengthening of ongoing cost saving and productivity enhancing initiatives
- Revenue expected to enhance with the gradual recovery of tourist arrivals and costs to moderate with the easing of inflationary pressure and exchange rate appreciation
- Cost of funds to gradually decline with the downward movement in market rates

Financial performance analysis

Revenue

Rs.	2022/23	2021/22	YoY change
Revenue	1,531,664,498	777,262,242	97%
Cost of sales	[720,182,397]	[479,523,103]	50%
Gross profit	811,482,101	297,739,138	173%

Revenue recorded an increase of 97% year on year (YoY) to reach Rs. 1.53 Bn, and compares against 2021/22 which posted a lower than average revenue figure.

Cost of sales was reported at Rs. 720 Mn, a 50% YoY increase, reflective of the economy wide inflation levels that remained exponentially high through the year. The resultant gross profit was Rs. 811 Mn, up by 173%.

Costs

Rs.	2022/23	2021/22	YoY change
Selling and marketing expenses	35,740,020	11,206,755	219%
Administrative expenses	1,246,663,175	944,510,709	32%
Finance cost	521,065,651	356,587,352	46%

Selling and marketing expenses recorded the highest increase at 219%, to Rs. 35 Mn. Administrative expenses were up by 32%. Understandably, the high inflation levels drove costs up, majority of which were beyond the control of the Group. Cost rationalization initiatives, including process streamlining, elimination of non-value adding processes, staff redeployment, etc. continued with added vigour contributing towards stemming manageable cost escalations at reasonable levels.

Finance costs increased by 46% to Rs. 521 Mn, which had a considerable impact on our profits. The exponential increase in market wide interest rates, in response to the increase of policy rates by the Central Bank of Sri Lanka as a part of its tightening monetary policy caused high interest expenses on account of bank overdrafts, lease liabilities and bank loans. Furthermore, by 31 December 2022 all moratoria granted by banks as directed by the CBSL ended.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial capital

Profitability and taxes

Rs.	2022/23	2021/22	YoY change
Loss before tax	[891,896,414]	[892,717,064]	0%
Tax expenses	67,598,679	[5,823,398]	1,261%
Loss for the year	[824,297,734]	[898,540,462]	8%

Culminating the combined effects of less than optimum revenue levels and high costs that plagued the year, the Group reported a pre-tax loss for the fourth consecutive year. Pre-tax loss remained largely unchanged from the prior year at Rs. 892 Mn. A reversal of tax expenses of Rs. 68 Mn was on account of a current income tax charge of Rs. 754,409/- and a deferred taxation reversal of Rs. 68.4 Mn. The corporate income tax applicable for the year under review was 30% up from 24% in the prior year.

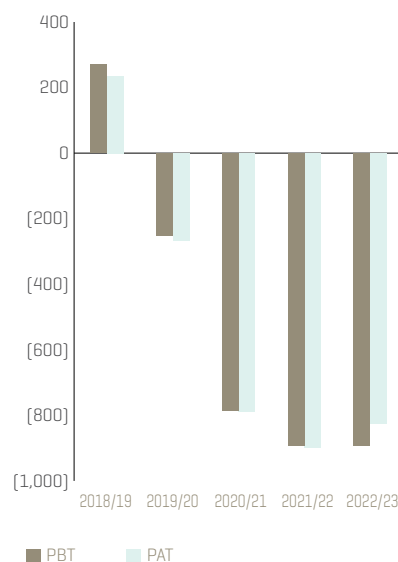
Additionally, the Group contributed to Government's fiscal revenue as follows, on its revenue.

Post-tax loss for the year was Rs. 824 Mn, 8% less than the post-tax loss incurred in 2021/22.

Profitability trend over the last five years

The graph on the right side of this page depicts the stresses on profitability the tourism sector has been withstanding since 2019.

Profitability Trend



Balance Sheet performance

Rs.	2022/23	2021/22	YoY change
Total assets	5,408,978,212	5,659,464,380	[4%]
Total equity	1,234,109,541	2,145,369,702	[42%]
Total non-current and current liabilities	4,174,868,671	3,514,094,678	19%

Total assets of the Group as 31 March 2023 stood at Rs. 5,408 Mn, a contraction of 4%. Property, plant and equipment continued to constitute the majority of total assets and was Rs. 4,744 Mn. Inventories and trade and other receivables reported considerable increases at 60% and 42%, due to increase level of business.

Equity

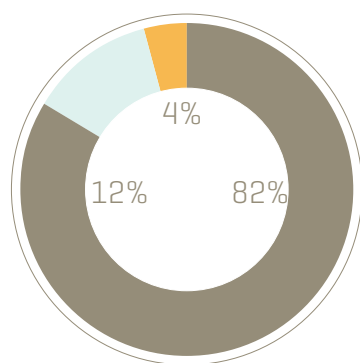
Total equity of the Group by the end of the year stood at Rs. 1,234 Mn, a reduction of 42% over the prior year, due to the reduction in revaluation reserves and retained earnings. Revaluation reserves decreased by 18% to Rs. 377 Mn, due to deferred tax on revaluation of Rs. 85.9 Mn. Retained earnings decreased by 90% to Rs. 83.9 Mn, on account of reduced profitability.

Liabilities

Within non-current liabilities, interest bearing loans increased by 76% to Rs. 1,832 Mn. Under current liabilities, interest bearing loans and borrowings saw a decline of 45% to Rs. 959 Mn. Trade and other payables also increased by 139% to Rs. 968 Mn.

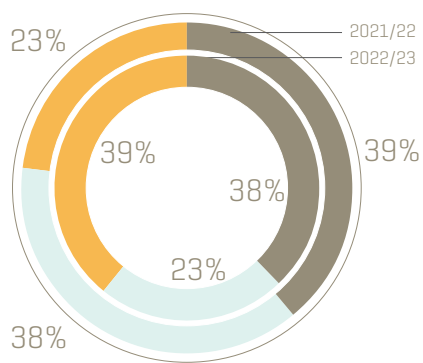
The gearing ratio of the Group stood at 74.75% compared to 58% of 2021/22.

Composition of Total Assets



■ PPE ■ Current Assets ■ Other

Balance Sheet Funding Sources



■ PPE ■ Current Assets ■ Other

Cash flows

Rs.	2022/23	2021/22
Net cash from/ (used in) operating activities	[187,102,930]	[79,616,004]
Net Cash from/ (used in) investing activities	[51,635,686]	27,896,901
Net cash from/ (used in) financing activities	140,330,569	[16,468,252]
Net increase/ (decrease) in cash and cash equivalents	[98,408,047]	[68,187,355]
Cash and cash equivalents at the beginning of the year	[294,767,948]	[217,033,989]
Cash and cash equivalents at the end of the year	[393,175,995]	[285,221,344]

Manufactured Capital



What constitutes our Manufactured Capital?

Our iconic hotel, resort and spa properties across 3 locations in Sri Lanka

A total of 356 guest rooms on offer

Our strong digital infrastructure that enables seamless guest bookings

How Manufactured Capital enhances our value creation process:

Manufactured capital plays a vital role in delivering our key brand promise of “curating happiness” to our customers. The quality and comfort offered by our manufactured capital are key components in the overall experience our customers enjoy with us.

Core Financial Capital outcomes during the year:

Rs. **155 Mn** of capital investments

Rs. **39 Mn** investment in digital infrastructure upgrades

Inter-links with other capitals:

- Financial capital – Capital investments and operational expenditure in upgrading and preserving our properties
- Social & relationship capital – Drives a delightful customer experience
- Customer satisfaction rating on Trip Advisor: 6.8 excellent
- Natural capital – Our environmental footprint through the use of natural resources and generating emissions
- Our carbon footprint 2022/23: 2,969 TCO₂e

Key risks/ challenges and mitigants

- Ensuring the grandeur and quality of our properties through adequate capital investments under challenged financial circumstances, reduced availability and excessive prices of construction material

Mitigant: Purpose driven rationalisation of capital expenditure

- Ensuring safety of guests and staff with moderate yet ongoing trend of the COVID-19 pandemic

Mitigant: Adherence to safety protocols as applicable

- Cyber risk – Potential loss/ theft of data and breach of privacy

Mitigants: Strong IT systems security protocols

Opportunities/ Way forward



- Refurbishment and upgrades to required properties and amenities across the network
- Potential expansion to our network of properties in the medium to long run, including in Maldives and other new destinations
- Upgrades to all IT systems in use to the latest versions available
- Adoption of RPA technology in the medium term

Our network of hotels, resorts, and boutiques

The ever-expanding network of Hayleys Leisure PLC's hotels, resorts, and boutiques consists of 10 properties, of which 09 are scattered across the resplendent island of Sri Lanka and the other, a luxurious resort in the Maldives. Unparalleled personalised guest experiences, unique to their locations, together with exceptional customer service is the hallmark of Hayleys Leisure PLC, offered through the much loved Amaya brand.

HOTELS AND RESORTS

Amaya Hills – Kandy

One of our majestic hotels in Kandy, Amaya Hills boasts 112 luxurious rooms and suites, all beautifully decorated, with sweeping views of the Hanthana mountain range and perfectly manicured gardens adorning opulent flora all year round.

Amaya Lake – Dambulla

Nestled along the shores of the Kandalama reservoir and within close proximity to a number of local attractions including the UNESCO world heritage site Sigiriya, Amaya Lake is one of the most coveted hotels in Dambulla. The resort offers a total of 119 rooms available under the categories of standard villas, deluxe villas, signature suites, signature family suites, deluxe suites with plunge pools and family villas (club lodges).

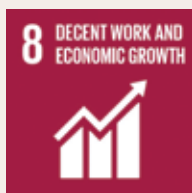
Amaya Beach – Pasikudah

Located on the dreamy shores of the Indian Ocean, the stunning Amaya Beach, is the pearl of the iconic Pasikudah bay. With 125 contemporarily furnished rooms and suites, this beach haven offers an idyllic environment to relax and recharge.

Amaya Kuda Rah- Maldives

With 51 deluxe villas, 3 restaurants and bars, contemporary facilities and exceptional service, Amaya Kuda Rah is the most luxurious property in the Maldives.

Contribution to SDGs



THE BOUTIQUE COLLECTION BY AMAYA

Langdale Boutique Hotel- Nuwara Eliya

This is an 11-room hotel, offering luxury among rose gardens, misty mountains in the distance, and colonial surroundings. Elegantly decorated, the cozy corners and delicately designed living areas add to the warmth of the entire property, making it one of the most sought-after boutique hotels in Nuwara Eliya.

MANAGEMENT DISCUSSION AND ANALYSIS

Manufactured Capital

Oliphant Bangalow – Nuwara Eliya

Oliphant Nuwara Eliya is a luxury villa surrounded by lush tea estates, beautifully kept gardens, and colourful flower beds, is a place where the mountains set the storybook backdrop for a resplendent retreat to unwind. The property is located in the cool highlands of Sri Lanka, on top the highest vantage point, and is a place that takes our guests back in time.

Hanthana Boutique Villa- Kandy

This property is situated in hillside wonderland, blessed with some of the most exquisite views around the Hanthana mountain region. The rooms and suites of this boutique villa are a cosy retreat when our guests want to get comfortable and unwind.

It is an invitation to step away from busy city life and retreat into an opulent getaway of comfort, relaxation and breathtaking natural beauty at one of the best boutique villas in Kandy.

Villa 700 – Bentota

Known to be one of the most charming villas in Bentota, exuding tropical charm and complemented with all modern amenities, this space is easily converted into a breezy open-plan living room from where our guests can go straight for a swim into the crystal-clear water of the swimming pool.

Tri Koggala

Tri is set right on Lake Koggala and is an excellent base for exploring southern Sri Lanka. The property is situated in close proximity to the iconic Galle Fort. The property is one of the best hotels in Koggala for an escape close to nature.



Facilities offered in our properties



Swimming pools



Fitness centres



Entertainment venues



Spas



Meeting and conference halls



Bars and restaurants



Destination dining



Customized experiences unique to localities



Wheel chair access

Amuna Ayurveda Retreat

Showcasing the wonders of native Sri Lankan ayurvedic knowledge, Amuna Ayurveda Retreat is a wellness resort which offers traditional Ayurveda treatments, wellness packages, yoga and meditation customised to each guest's requirement.

The Villas – Wadduwa

In the quaint coastal town of Wadduwa, lies this stunning property boasting 32 beautiful villas. With direct beach access, The Villas Wadduwa is perfect for families, honeymooners and friends longing for the island life of glorious sea views.

Investments in Property, Plant & Equipment (PPE) and strategic asset management

Over the years, the Group has made considerable and strategic investments in its PPE with a bid to offer best guest experiences under the Amaya brand. As of 31 March 2023, PPE amounted to Rs. 4,447 Mn, 30% of the Company's total assets.

The Group continually assesses its manufactured capital to identify necessary upgrades to existing property, need for acquisitions and need for disposal where required, so as to optimise

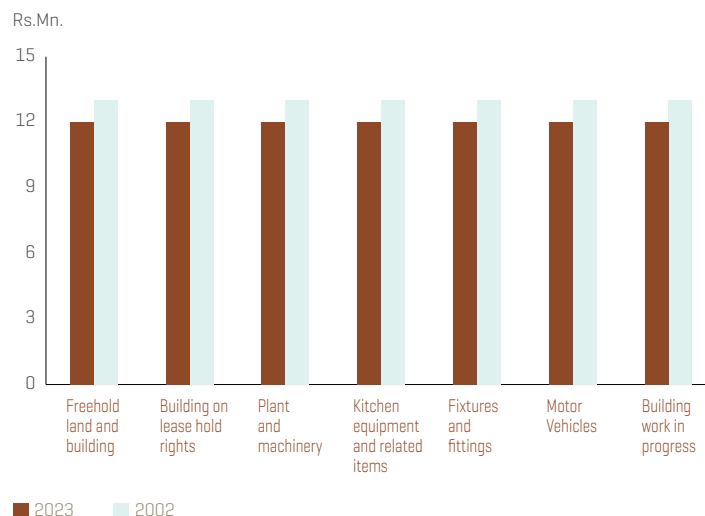


return on assets. Timely valuations of freehold lands are also conducted to reflect the fair value of lands, determined using the market comparable method. As such valuations performed are based on active market prices, adjusted for differences in the nature, location or condition of the specific property.

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 155,400,951 [2022 - Rs. 273,365,970] including cost incurred on capital work in progress of which is Nil [2022 Rs. 273,365,970].

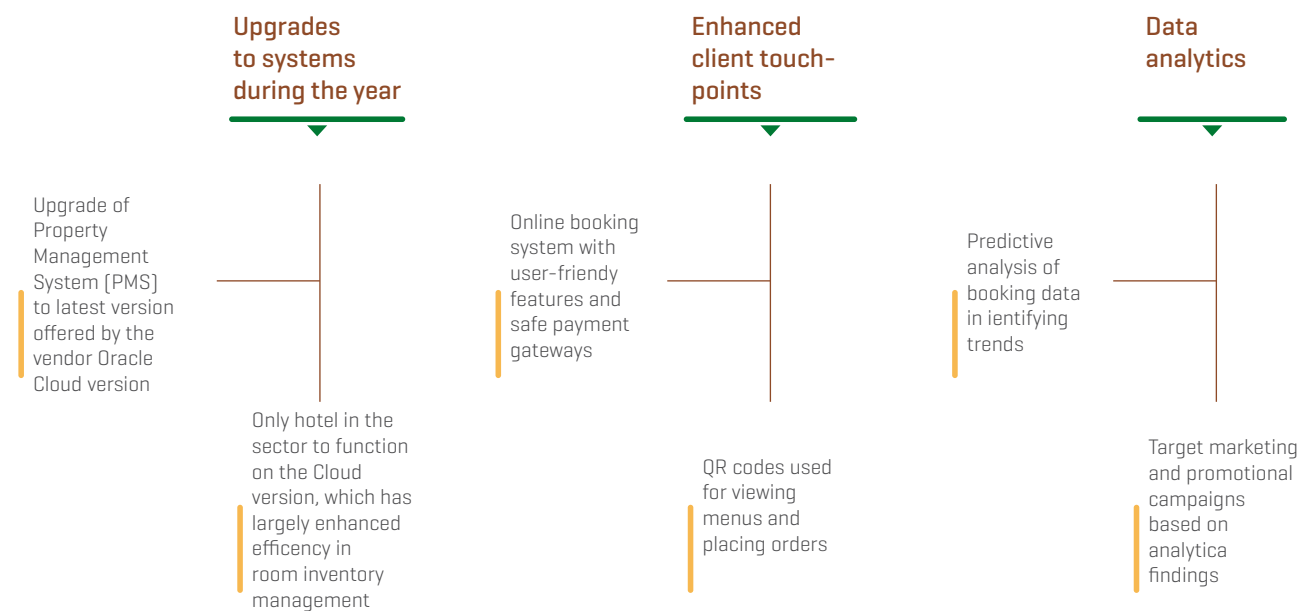
Hayleys Leisure's digital prowess
The Group's digital infrastructure also forms a core component of our manufactured capita. Continued investments in IT systems augured well through the year marked by many challenges.

Top Manufactured Capital Classes



MANAGEMENT DISCUSSION AND ANALYSIS

Manufactured Capital



IT Governance and security

Strong security standards and monitoring, escalation of anomalies to the Senior Management

Full compliance with Global Data Protection Regulations (GDPR)

Improving efficiencies

Strategic commitment to deploy digital infrastructure to drive efficiencies

Upgrade of all systems in use to latest versions available in the short to medium term with the intention of deploying advanced technology such as Robotic Process Automation



Human Capital



What constitutes our Human Capital?

Our precious team spread across the country and their skills, competencies and attitudes.

How Human Capital enhances our value creation process:

Our team enables the achievement of the Group's aspirations, pursuit of the Group vision and delivery of the Hayleys Leisure brand promise of curating happiness to our customers.

Core Human Capital outcomes during the year:

Rs. 2.4 Mn
spent in training and development

69%
retention ratio

Diverse work culture reflected in
30%
of females within overall staff

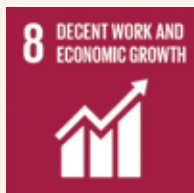
Inter-links with other capitals:

- Financial capital – Investments in training and development, remuneration and other benefits to employees
- Intellectual capital – Drive organisational tacit knowledge and power to innovate
- Social & relationship capital – Delivers a delightful customer experience with exceptional service and care

Key risks/ challenges and mitigants

- High staff attrition
Mitigants - Significant investments in the team including in training and development, compensation and ensuring well-being
- Sourcing new talent to fill in the vacancies
Mitigants - Hayleys Leisure Training Institute, process efficiencies enabling repurposing of staff

Contribution to SDGs



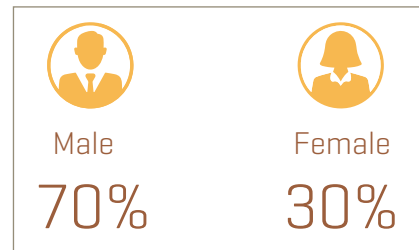
Opportunities/ Way forward



- Talent retention
- Attraction of precise talent that is capable of delivering on the Hayleys Leisure brand promise
- Strengthening the talent pipeline with the Hayleys Leisure Training Institute
- Focus on competitive remunerations and compensations

Our Team and its diversity

The Hayleys Leisure PLC team is represented skilled, competent and passionate members spread across our properties. The dynamism of the team is reflected in the gender composition where on average 30% of our staff are females, which is well above the industry standard. The Group strives to offer equal opportunities to both males and females and affords equitable and fair opportunities to the most talented, irrespective of gender.



Total employees and Gender	2023	2022	Movement
Total Staff	699	634	10%
Females	210	127	65%
Males	489	507	[4%]

Management	2023	2022
Females in Management	12	14
Males in Management	80	98
Total in Management	92	112
% of females in Management	13%	13%

Total employees By Nationality	2023	2022	Movement
Total Staff	699	634	10%
Sri Lankans	699	634	10%
Other nationals	-	-	-
Sri Lankans %	100%	100%	-
Other nationals %	-	-	-

Total employees By Employment Type and Gender	Male	Female	Total
Permanent	207	126	333
Contract	149	217	366
Total	356	343	699

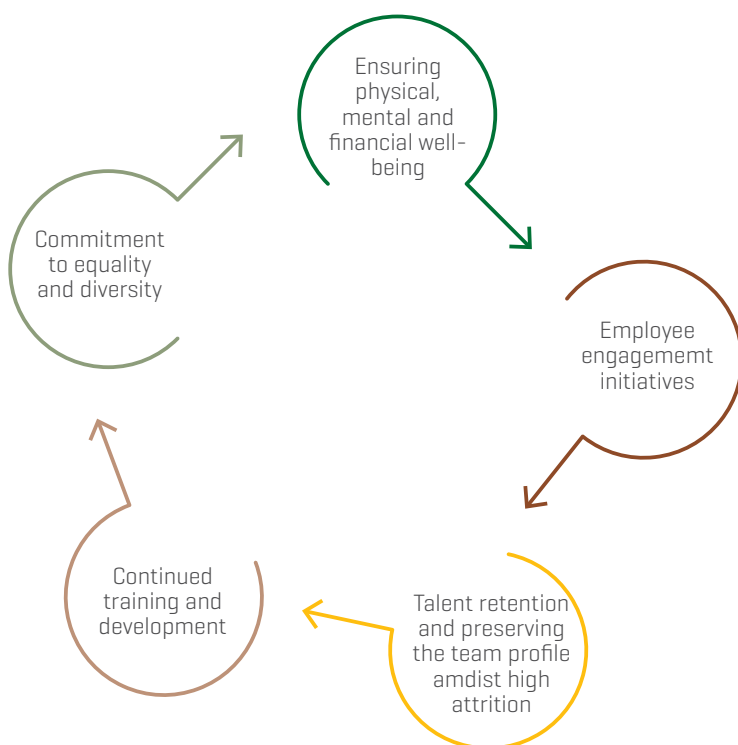
MANAGEMENT DISCUSSION AND ANALYSIS

Human Capital

Total Employees By Category and Gender	Male	Female	Total
Managers & Above	61	6	67
Executives	58	1	59
Non-Executives	xx	xx	xx
Total	xx	xx	xx

Key strategic initiatives that drove human capital management during the year

Given the challenging environment that prevailed through most of the year under review, the Group placed special emphasis in ensuring the well-being of our team members. High attrition was a common challenge that the Group had to face.



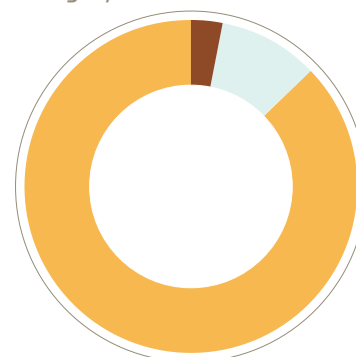
Attrition and new talent attraction

Given the mass migration of Sri Lankans to other countries, the leisure sector also experienced one of the highest attrition rates.

Attrition 2023

31%

Total Employees by Category



Managers & Above Executives
Non-Executives

In such a scenario, talent attraction was key in maintaining the exceptional skills and competency levels of the Group's team to ensure that we continue to deliver on the Hayleys Leisure brand promise without any compromise. New talent recruitments continued swiftly throughout the year.

Priority given to our internal staff: When filling vacancies, priority is always given to our own internal staff. Internal applicants are evaluated for fitness to fill the vacancies, which allows our own staff to pursue their various career expectations such as transfers between properties and functions. This also enhances talent retention and greater job satisfaction for team members.

The Group continued to recruit from the local communities wherever possible, with a bid to ensure support to the local communities as well as contribute towards work life balance of our team members.

Promotions and job upgrades

Despite the tumultuous external environment, we continued to offer career advancement opportunities to our team members.

Talent retention

Talent retention was one of the key strategic priorities during the year. Ongoing initiatives were further strengthened in order to create an even more rewarding career experience with Hayleys Leisure PLC for our team members.

Building talent

Building our talent continued unabated during the year through our structured training and development initiatives. The efforts included a mix of our own internal trainer resources and external resources where required.

Profile of new recruits

New recruits by age	Number	Percentage
18-30 years	127	64%
31-55 years	62	31%
55 years and above	11	5%
Total	200	

New recruits by gender	Number	Percentage
Male	169	85%
Female	31	15%
Total	200	

Training and development statistics

T&D	2023	2022	Movement
Investment in Rs. ['000]	2,396	685	250%
Training hours - total	712	285	169%
Training hours - per employee	1.02	0.5	144%

Training hours per gender	2023
Per Male	313
Per Female	166

Core training topics

Job profile	Training type
Front-officers	Customer service
Front-officers	Service standards
Food & Beverage	Service standards
Kitchen	Service standards

MANAGEMENT DISCUSSION AND ANALYSIS

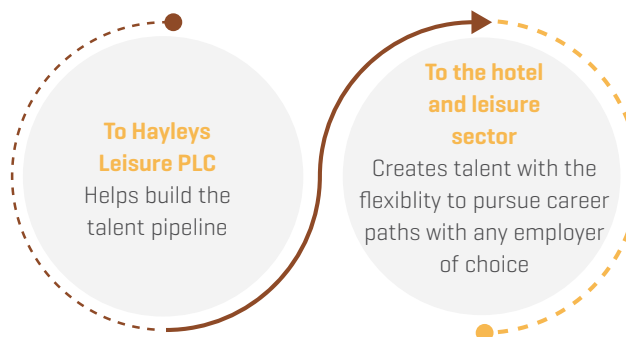
Human Capital



The Hayleys Leisure Training Institute

The Hayleys Leisure Training Institute [HLTI] is the brainchild of the Group's Management with the objective of grooming young talent in to professionals in the hotel and leisure sector. Launched in 2022, the HLTI conducted its inaugural onboarding and training programme centering the Group's property in Kandy – Amaya Hills. Accordingly 60 youngsters selected through a competitive evaluation process from over 160 applicants were afforded full sponsored training spanning six months. The training covered both in-class theoretical knowledge and practical experience across key operations at Amaya Hills. The trainees were provided accommodation, food and an allowance as well. At the end of the six months the first batch graduated and has been absorbed to the Group's team.

Far reaching impact of HLTI Rewards and remuneration



Employee well-being

The Group was swift in responding to the economic crisis, in order to ensure all round well-being of our staff members. Physical and emotional well-being were ensured through a number of initiatives. We strongly believe that financial support and job security are fundamental in all other forms of well-being hence these were fully ensured.

Rewards and Remuneration

The Group has a transparent and equitable rewards and remunerations mechanism. It draws strength from the parent company's overarching philosophy for sound employee relations as well. The Group consistently reviews pay levels to be at par with market rates. During the year too, necessary adjustments were done to pay levels to match market rates.

Support to our team members

Job security

Zero layoffs since the Easter Sunday attacks in 2019, right through to the hardships of the economic crisis. We are proud that we ensured job security of all our employees, irrespective of their job grade or tenure of service

Financial benefits

No reduction in salaries or benefits
Upward revisions to salaries to match market rates
Hardship allowance paid to all employees irrespective of job grade or tenure of service

Travel and accommodation

Transportation provided to employees along 9 key routes to Colombo
Accommodation provided to employees to overcome challenges in travel

Performance management and staff recognition

At Hayleys Leisure performance is driven through clearly set goals and objectives, necessary facilitation to attain required skills through training and development, periodic assessment of performance and constructive feedback provided to align performance to organisational expectations.

Remunerations and rewards as well as career enhancements are closely linked to performance of our team members.

We also conducted staff recognition initiatives during the year such as Employee of the Month, in which a team member who goes beyond the call of duty and engages in an exceptional act of service or contribution is recognised.

This serves as a motivation to the team member being recognised and an inspiration to all other team members.

Health and safety

Health and safety (H&S) is of exceptional importance at the Group and the culture, policies and procedures for same stem from the parent company as well. The Hayleys Leisure sector has a dedicated H&S Officer, who overlooks H&S matters and also strict adherence to set protocols.

The mechanism is strengthened by

- Continuous awareness to all team members
- Driving the culture and attitudes where H&S is a way of life at Hayleys Leisure, and not something that has to be forcibly adhered to
- Monthly H&S audits
- Extension of the scope to not just employees, but external stakeholders such as guests and other related stakeholders

- Full transparency in reporting incidents
- Escalation of incidents to relevant management levels such as the Head of HR and Managing Director
- Learning from all incidents reported and near misses
- Annual medical tests carried out to relevant staff such as food handlers

Employee engagements

We conduct many employee engagement initiatives within our properties as well as encourage our team members to participate in various initiatives conducted by regional hotelier associations. These engagement initiatives have served as a core source of motivation, togetherness and comradery amongst the team particularly when the external challenges exerted much pressure on them.

Intellectual capital



What constitutes our Intellectual Capital?

The strength of Hayleys and Amaya brands

Unique base of organizational tacit knowledge driven by a culture of learning and development

Award-winning Amaya experience offered to our guests

Cross-collaboration ties maintained within the Hayleys Group and with external stakeholders

How Intellectual Capital enhances our value creation process:

Our intellectual capital enhances our ability to innovate and stay ahead of the intense competition in the leisure sector. It also enhances the agility and responsiveness of our people, processes and systems in the face of unforeseen challenges there by contributes towards business readiness and resilience.

Core Intellectual Capital outcomes during the year:

8.8 Amaya brand rating as per Trip Adviser

3 processes certified by external parties (ISO 22000: 2018 Certificate)

3.4 years of average service per team member
Demonstrated ability in navigating challenges with agility

Inter-links with other capitals:

- Human capital
- Drives organisation tacit knowledge and capacity for innovation
- Social & relationship capital – Acceptance by and respect of our guests and tour operators strengthen our brand value
- Our innovative capabilities ensure an ever enhancing experience for our guests

Key risks/ challenges and mitigants

Key risks/ challenges and mitigants

- Reputational risk which may adversely affect our brands

Mitigants – Exceptional product and service quality and client relations

- Erosion of organizational tacit knowledge with the brain drain

Mitigants – Measures to enhance human capital retention, succession planning

Opportunities/ Way forward

- Strengthen the Hayleys Leisure and Amaya brands through target marketing initiatives along the brand promise of “curating happiness”
- Drive innovation based on market intelligence and analytical capabilities offered by our digital infrastructure
- Enhance organisational tacit knowledge through cross functional collaborations within the Group and the industry

The versatility of Hayleys Leisure and Amaya brands

The brand strategy for Hayleys Leisure in Sri Lanka was recalibrated in response to the evolving external environment. With overseas travel becoming less affordable, local travel destinations saw a shift in demand from this segment from the latter part of 2022 with staycations becoming popular within the country. Additionally from September 2022 onwards inflow of international tourist arrivals strengthened opening up new opportunities. In such a context, the Group conducted the following brand building and marketing initiatives during the year;

Contribution to SDGs



Opportunities/ Way forward



- Talent retention
- Attraction of precise talent that is capable of delivering on the Hayleys Leisure brand promise
- Strengthening the talent pipeline with the Hayleys Leisure Training Institute
- Focus on competitive remunerations and compensations

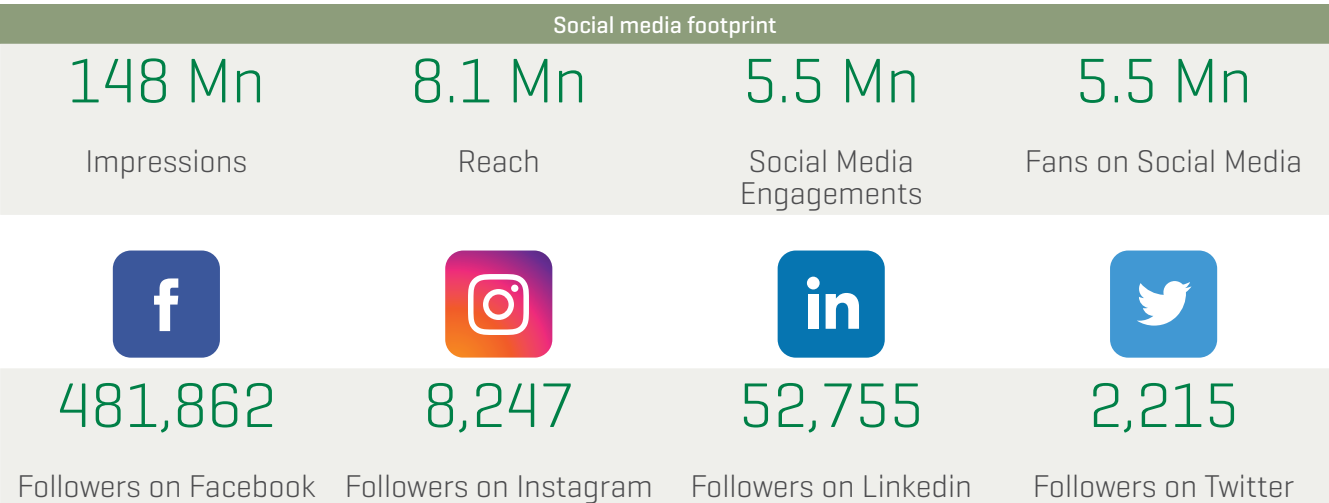


MANAGEMENT DISCUSSION AND ANALYSIS

Intellectual capital

Our social media presence

The Groups enjoy wide social media footprint across multiple platforms. We effectively deploy these platforms in driving the Amaya brand and engaging with our guests and potential guests through attractive and insightful contents from our properties across Sri Lanka and Maldives.



Total impressions

Reach

Social media engagements

Total number of fans/ followers

Facebook followers

Instagram followers

LinkedIn followers

Twitter followers

We continue post attractive contents on our social media spaces which drives engagement with target our audiences.

Systems and Processes

Hayleys Leisure's systems and process are critical in driving value we create to our customers and other stakeholders. They also enhance the quality of our engagements and outputs at each step of the way, with standardisation of the way we work. Standard Operating Procedure [SOPs] manual drives systems and process, which provides clarity to all staff members on how we function. The SOPs



cover all key functions such as F&B, Front Office and Housekeeping. Staff members are duly updated and enlightened on the importance and contents of the SOPs. The SOPs are subject to regular review and updates as necessary to ensure that our actions remain relevant.

Cross-functional collaborations

Hayleys Leisure often draws strength from the various cross-functional collaborations within the Hayleys Group as well as with external stakeholders and entities that are committed to the progress of Sri Lanka's leisure and tourism sectors.

Hayleys Leisure culture

Our culture driven by the vision to be the most preferred leisure service provider in Sri Lanka enabled us to remain resilient and deliver an exceptional experience to our guests amidst the hardships that plagued the year. Our role as a responsible corporate citizen with an unwavering commitment to environmental, social and governance aspects continued throughout the year, which forms an integral part of the Hayleys culture across the Group. Furthermore, the team was relentless in upholding the core values that underpin our culture namely, Never say NO, Get it right the first time, all the time, Innovative culture, Take care of our employees and their families and Truly sustainable.

Cross-functional collaborations within the Hayleys Group

Enables knowledge sharing, brings to table diverse views, perspectives and capabilities and leads to better decision making

Industry memberships

Hayleys Leisure PLC has been a long-standing member of a number of industry organisations. The Group's contribution to these organizations feature thought leadership, participation in various initiatives, sponsorships, etc.

Sri Lanka Tourism Development Authority · The Pacific Asia Travel Association · The Ceylon Chamber of Commerce · The Hoteliers' Association of Sri Lanka · The Employers' Federation of Ceylon · The Environmental Management System Users and Promoters Association · Business and Biodiversity Platform · Responsible Tourism Partnership

Social and relationship



What constitutes our Social and Relationship Capital?

Our Social and Relationship Capital represents the relationships we maintain with our valued customers, business partners, the communities we operate in and other stakeholders.

How Social and Relationship Capital enhances our value creation process:

Timely and effective engagement with our respective stakeholders in response to their needs drive our value creation process and ensure the sustainability of our business.

Core Social and Relationship Capital outcomes during the year:

Average customer satisfaction rate of

6.8/10 across all properties

Rs. 2.05 Mn

spent in community
engagements

Rs. 560 Mn

paid to suppliers

Inter-links with other capitals:

- Financial capital – Our customers and suppliers are key determinants of our income and expenditure
- Investment in community empowerment projects
- Human capital – Our team members are a critical component of delivering Hayleys Leisure brand promise

Key risks/ challenges and mitigants

- Rising cost of funds
- Losses adversely affecting equity capital
- Limited access to funds in the financial market

Mitigants – Prudent financial management practices, rationalization of capital expenditure and growth plans, cost optimisation to preserve profitability and business drive to increase revenue

Opportunities/ Way forward



- Enhancing our guest experience for greater attraction and longer term relationships with our customers
- Increased patronage of local suppliers
- Community support through the Hayleys Leisure Training Institute and other initiatives

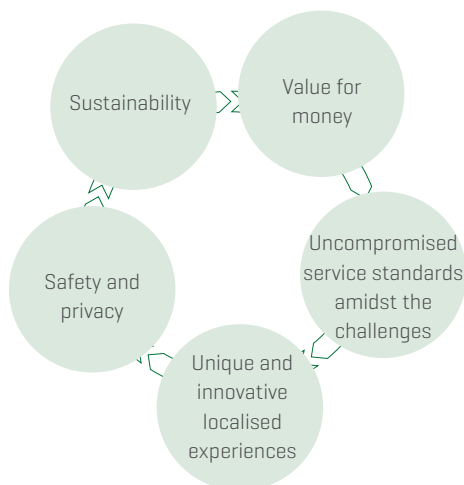
Customer value creation

Our customers comprise guests from Sri Lanka and right across the globe. They are at the centre of everything we do and their happiness is the prime objective that we are committed to. We often recalibrate our offerings to respond to their emerging preferences and to be in line with global tourism trends so that we create a truly delightful experience to them. During the year, notwithstanding the challenges, we ensured that our guests enjoyed their stays with us with value for money spent.

Contribution to SDGs



Key focus areas in our customer value creation during the year



Marketing campaigns launched during the year

Given the challenges that prevailed through the year, Hayleys Leisure PLC initiated a number of specialised marketing campaigns targeting both local and international guests. Given staycations gaining traction among local guests, campaigns and offers were customized to this end as well.

- Offers and experiences linked to festivals such as Sinhala & Tamil New Year, Christmas and New Year's Eve
- Black Friday offers
- Tie-ups with banks for exclusive deals and offers
- Flash sale offers

MANAGEMENT DISCUSSION AND ANALYSIS

Social and relationship

- Specially curated offers on Amaya Hills Kandy in line with the 76th Bradby Shield
- A getaway of your dreams by Amaya Resorts & Spas! theme campaign
- Offers combined with transportation facilities during the fuel shortage
- Campaigns showcasing the beauty of Sri Lanka

Customer satisfaction and feedback

Customer satisfaction and their candid feedback are critical for us in our commitment to continually enhance our offers to them. All Hayleys Leisure properties are available in the online travel platforms of tripadvisor and Booking.com, via which our guests are afforded a public platform to share their feedback and experiences.

In addition, we facilitate guest feedback via feedback forms and guest record books.

Our three resorts in Sri Lanka and Amaya Kuda Rah in Maldives enjoy following status in tripadvisor [as of mid May 2023].

Amaya Lake Dambulla	Amaya Beach Pasikudah	Amaya Hills Kandy	Amaya Kuda Rah Maldives
4.5 Excellent rating	4.5 Excellent rating	4 Very Good rating	4.5 Excellent rating
2,735 Reviews	1,322 Reviews	3,205 Reviews	602 Reviews
2,319 traveller ratings in Excellent and Very Good categories	1,144 traveller ratings in Excellent and Very Good categories	2,558 traveller ratings in Excellent and Very Good categories	564 traveller ratings in Excellent and Very Good categories

Customer privacy

We ensure highest levels of customer privacy at every step of the way that encounters engagement with customer related data. We adopt the following measures across the Hayleys leisure sector to ensure full compliance in this regard.

- Training, development and awareness to all staff members on the importance of and how to maintain customer privacy and protection of customer data
- Robust IT security systems and protocols
- Compliance with the European Union regulation on data protection - General Data Protection Regulation [GDPR]

They are integral in driving target marketing campaigns, promotions in outbound markets and boosting arrivals in to Sri Lanka.

Our channel partner strength

Suppliers

Suppliers are another integral stakeholder in our social and relationship capital as they provide our value creation process with numerous inputs. Supplier relationships were strengthened during the year, based on mutual empathy in the challenged socio-economic conditions. All relationships with suppliers take place

through a formal procurement process within highest levels of governance aspects such as fair pricing, transparency, adherence to ethics and environmental parametres.

We focused on the following aspects in supplier relationships during the year.

- Flexibility in delivery terms and conditions
- Resorting to local suppliers to manage transportation costs and overcome the challenge of scarcity of imported goods
- Support to suppliers by ensuring timely payments

Channel partners

Hayleys Leisure maintains close ties with a wide range of channel partners comprising tour operators, destination management companies and online travel agents.

Our supplier profile

476 registered local suppliers	Rs. 560 Mn paid to local during the financial year
35 new suppliers onboarded during the financial year	



Community engagements and empowerment

Our contribution to community empowerment is dynamic. We always make an effort to contribute to the communities through the course of our ordinary business/ operations and through specially designed corporate social responsibility (CSR) initiatives.

CSR initiatives

Sisu Diriya - Fueling the dreams and aspirations of the next generation

In an effort to provide access to better education for students in rural villages surrounding our resorts, the Group launched the "Sisu Diriya" programme. This programme was conceptualised in response to the hardships that the village children faced during the peak of the Sri Lankan economic crisis, which was marked by prolonged hours of power outages and reduced affordability of paid educational support in form of tuition. The main deliverables of this programme were providing a safe and comfortable place to study, an e-learning centre and free tuition classes for students sitting for Ordinary Level, Advanced Level and Grade Five Scholarship examinations in the respective localities.

Identifying the added hardships faced by the families during the unprecedented times, the Resort chain also provided a meal and tea for the students attending the study sessions. We are committed to protecting and nurturing the community



around us and what better way to do that than paving the way for a brighter future for the next generation.

Hayleys Leisure Training Institute

The Hayleys Leisure Training Institute (HLTI) aims to educate, groom, and nurture youth with potential, who are interested in the hospitality industry with the expertise of experienced hoteliers at The Kingsbury, Colombo and across all Amaya Resorts & Spas.

With a duration of six months and two phases, the course provides the basic knowledge and skills on operational departments (F&B, Housekeeping, Front office) along with English, IT and soft skill lessons.

Based on the performance, the students are then absorbed into the various hotels across the leisure sector and also provided a chance to permanently join the industry. Students are also provided accommodation, an allowance, laundry facilities and meals.

60 students passed out as the first batch of the HLTI during the year under review, and secured job opportunities with the Hayleys Leisure hotels.

Alms giving

The Group regularly arranges alms to Buddhist temples in line with the religious concept of "giving" or "offering" on a monthly basis across all three Amaya Resorts in Kandy, Dambulla and Pasikudah, to temples in close proximity to the respective resorts. Amaya Lake Dambulla contributes to the Wawela temple, Kumbukkandanwala Temple and Kapela Temple. Amaya Hills Kandy contributes to the Bowalawatta temple and Amaya Beach Pasikudah to the Nawaladi temple. The alms giving ceremonies often see the participation of villagers as well, and hence is an occasion of the Resorts staff and the communities connecting for a common cause.

Employment generation

This is one of the most sustainable impacts we create on our local communities. Hayleys Leisure Training Institute plays a pivotal role in driving employment opportunities in local communities

Wherever possible, all our hotels strive to source, particularly fresh produce and perishables from local producers, which ensure a guaranteed price and stable income to them

Sourcing from local suppliers

Dedicated CSR initiatives

During 2022/23 the Group conducted a number of CSR initiatives under the theme of Education

Natural capital



What constitutes our Natural Capital?

The natural resources such as land, water and energy that go in to our operations
The eco-systems that we connect to through our presence

How Natural Capital enhances our value creation process:

Natural capital provides essential input in our value creation process most of which cannot be substituted. The natural beauty, eco systems and bio diversity around our properties enhance the attraction of properties and the value we generate to our guests. Furthermore, a balanced eco-system free of erratic weather patterns would mean undisrupted tourist seasons, stable revenue to the company and exceptional guest experiences.

Core Natural outcomes during the year:

Carbon foot print **2,967** TCO₂e

Water consumption **57,205** m³

Electricity consumption **5,195,767** Kwh

Energy consumption **3,118** MJ

Inter-links with other capitals:

- Intellectual capital – Our reputation and brand image has a positive correlation with our efforts in preserving the environment

- Social & relationship capital

The quality of our guest experiences are dependent on the health of surrounding eco systems

Key risks/ challenges and mitigants

- Possible pollution and harm to eco-systems through our operation and resultant reputational damage
- Effects of climate change and global warming affecting quality of tourist seasons and natural attractions

Mitigants – Robust environmental preservation policy, driven by the Hayleys Lifecode

Opportunities/ Way forward



- Continued enhancements to our processes to reduce our carbon foot print – Sector target of reducing carbon foot print by 10% by 2025.
- Expansion of renewable energy generation at our properties to meet our electricity needs
- Cost efficiencies through migration to renewable energy sources
- Greater resilience to climate disruptions
- Improved reputation and greater preference among guests

Our approach to environmental sustainability

As a responsible corporate and a leader in sustainable tourism Hayleys Leisure PLC takes a strategic and concerted approach in managing our impact on the environment. Our environmental initiatives are guided by the parent company Hayleys PLC's ESG blueprint the Hayleys Lifecode.

During the year, we conducted a number of initiatives to minimise our impact on the environment.

Contribution to SDGs



Conversion to eco-friendly packaging

During the year all single-use plastic bottles for shampoo, conditioner, shower gel and lotion were replaced with ceramic pumps in all three resorts of amaya Hills Kandy, Amaya Lake Dambulla and Amaya Beach Pasikudah.

Energy Saving

Energy reduction projects implemented for electricity, Diesel and LPG for 2022/23

- Section wise switching off of electricity
- Shutting off of individual geysers
- Installation of LED bulbs
- Turning off minibars in unoccupied rooms
- Turning off chillers during low occupancy and cold days
- Swimming pool pump running time reduced during low occupancy periods
- Garden lights switched off at 11 pm

MANAGEMENT DISCUSSION AND ANALYSIS

Natural capital

As a responsible corporate and a leader in sustainable tourism Hayleys Leisure PLC takes a strategic and concerted approach in managing our impact on the environment. Our environmental initiatives

“Kirulu” tree planting project:

The Group engaged in planting of high oxygen producing trees for greater impact under the “Kirula” project rolled out by the parent company Hayleys PLC. The initiative was rolled out in line with the World Ozone Day 2022 themed “Global Cooperation Protecting Life on Earth”.

Impact made

21 Banyan trees planted in Amaya Hills Kandy, Amaya Lake Dambulla and The Villas Wadduwa

12 Neem trees planted in Amaya Beach Pasikudah



Tree planting on World Forest Day:

In commemoration of the International Day of Forests, Amaya Lake Dambulla and Amaya Hills Kandy planted trees at the respective hotel premises. As a part of our continuous initiatives to give back to mother nature, Amaya Resorts and Spas have made a conscious effort to raise awareness of the importance of restoring and protecting our forests and trees.

Impact made

160 Karannda, Arjun, and Mahua trees planted



Bee harvesting project:

The Group furthered its efforts in bee harvesting, given the significance of bees in food security and sustainability and the threat bees face of extinction. In keeping with the year's theme of "Celebrating the diversity of bees and beekeeping systems" of the World Bee Day, the Group helped raise awareness of the significance of bees with the maintenance of bee colonies in and around the resort.

Impact made

8 new bee boxes added at Amaya Hills Kandy and 4 at Amaya Lake Dambulla

Amaya Hills Kandy - part of a growing collection of bee-friendly landmarks across the island



Coral restoration Project:

The Coral restoration project by Amaya Kuda Rah in Maldives is carried out in response to the imminent need to protect the world's oceans and the ecosystems within. As an active measure to contribute towards coral conservation, the Resort team has undertaken a coral restoration and plantation program since 2019.

The corals are being restored as a result of these continuous efforts.

Impact made

Phase 2 of this project was launched in commemoration of the World Oceans Day 2022



MANAGEMENT DISCUSSION AND ANALYSIS

Natural capital

Commemorating the Earth hour:

Amaya Resorts & Spas celebrated Earth Hour at Amaya Lake Dambulla, Amaya Beach Pasikudah, Amaya Hills Kandy and Amaya Kuda Rah Maldives. Amaya Resorts & Spas have continuously committed to adopting sustainability initiatives to promote responsible tourism.

Impact made

- Lights were switched off from 8.30 pm - 9.30 pm
- Awareness raising activities on the importance of protecting our planet conducted with the participation of both guests and resort staff

Environment clean-up initiatives:

Conducted in commemoration of the Earth Day

Amaya Beach Pasikudah - Beach cleanup along the Pasikudah beach with the aim of removing plastic pollution from the marine ecosystem thus protecting local wildlife

Amaya Hills Kandy - Waste picking along the road leading up to the Hanthana reserve and a part of the Hanthana reserve

Amaya Lake Dambulla - Waste picking in the surrounding of the Kandalama Lake to help prevent plastic and other waste entering the Lake

Impact made

Waste removed

73.3 kgs of plastic bottles, 134.7 kgs of glass bottles, 24.3 kgs of metal cans, 74.3 kgs of polythene and 66 Kgs of other waste



Social media campaigns in driving environmental consciousness and awareness

Some posts from our social media platforms



“The environment is where we all meet; where we all have a mutual interest; it is the one thing all of us share.”

-Lady Bird Johnson

World Environment Day 2022 actively calls for a global level transformative action to celebrate, protect and restore our planet.



“Now, more than ever, health is on the forefront of public consciousness –but we must understand that our health, human health, is dependent on the health of our oceans and the health of our planet.”

- Cara Delevingne

World Oceans Day 2022 carries the theme Revitalization: Collective Action for the Ocean, in an effort to increase awareness on a global scale to protect and preserve the oceans.

The great ocean plays a vital role in sustaining our ecosystem and is home to a world of amazing marine life.

This World Oceans Day, let us pledge to save the oceans.

Our resource foot-print

Water consumption	In m ³	Per guest night
2021	67,912	1.63
2022	76,912	1.27
2023	57,205	0.68

Electricity consumption	In kWh	Per guest night
2021	3,416,564	81.91
2022	4,172,389	69.11
2023	5,195,767	62.04



A photograph of a modern building at dusk. The building has a white facade and a balcony with a dark railing. In the foreground, there is a reflecting pool that mirrors the building and the sky. Several trees are planted in white planters along the pool. The sky is a deep blue, and the water is calm, reflecting the lights from the building and the trees.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

STRATEGIC BRILLIANCE

Forging a fortress of integrity and resilience, this section unveils a visionary framework that safeguards our values, navigates the intricacy of risk management, and ensures a steadfast course towards sustainable success.

CORPORATE GOVERNANCE

The core values and the principles of an organisation is reflected by the extent to which the Corporate Governance practices are met. At Hayleys Leisure PLC, we believe in creating value by adhering to best practices of Corporate Governance, Compliance to Laws and Regulations and formulating and adhering to policies set out by Hayleys PLC and effective and extensive policy frameworks that enable smooth functioning of each and every aspect of the organisation, which are again supported by the Corporate Governance practices.

This section of the report is the proof for the afore mentioned facts.

The company complies with the requirements set out in the Code of Best practice for the Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Rules of Corporate Governance set out in the Listing Rules of the Colombo Stock Exchange.

Board Meetings and Attendance

The Board of Hayleys Leisure PLC met once every quarter. The Directors' attendance during the financial year is shown in the table below.

- Companies Act No. 07 of 2007.
- The Listing Rules of the Colombo Stock Exchange [Listing Rules of CSE].
- The recommendations of the Code of Best Practice on the Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka to the extent that they are practicable.

Hayleys Leisure PLC, through a process of continuous review, is committed to maintain 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 Properties 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 modelled 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

Name of Director	Meetings Attended
Mr. Mohan Pandithage	4/4
Mr. Rohan Karunarahaj	4/4
Mr. Dhammika Perera Resigned w.e.f. 10 June 2022 Ms. Kawshi Amarasinghe [Alternate Director to Mr. Dhammika Perera - Ceased to be an alternate director w.e.f. 10 June 2022 with the resignation of Mr. Dhammika Perera]	1 / 1
Ms. Ramani Ponnambalam	4/4
Mr. Sarath Ganegoda	2/4
Mr. Johann Wijesinghe	3/4
Mr. Harsha Amarasekera, PC	1/4
Mr. Ranil De Silva	4/4
Ms. Warini De Costa	4/4
Ms. Brindhini Perera Appointed w.e.f. 19 October 2022	1/2

SECTION 1: CODE OF BEST PRACTICE ON THE CORPORATE GOVERNANCE

Code of Best Practice Issued by the Institute of Chartered Accountants of Sri Lanka (ICASL)

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23	
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, 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 20 to 21.				
1.	Board Meetings	A.1.1	Compliant	The Board usually meets at quarterly intervals, but also meets more frequently when needed. The Board met four [04] 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 72.
2.	Board Responsibilities	A.1.2	Compliant	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	Compliant	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 Secretary	A.1.4	Compliant	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 judgement	A.1.5	Compliant	All Directors exercise independent judgement in decisions made by the Board on issues of the strategy, performance, resource allocation and the conduct of business.

CORPORATE GOVERNANCE

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
6.	Dedication of adequate time and effort by the Board and Board Committees	A.1.6	Compliant	All Directors of the Company dedicate adequate time and effort to fulfil 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 2022/23
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A.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

There should be a clear division of responsibilities between the Chairman and the 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 the 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 the Managing Director (CEO)	A.2.1	Compliant	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.
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A.3 CHAIRMAN'S ROLE

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 12

8.	Role of the Chairman	A.3.1	Compliant	<p>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 conduct Board Meetings in a proper manner ensuring inter-alia, that:</p> <ul style="list-style-type: none"> the new Board members are given an appropriate induction, covering terms of appointment The effective participation of both Executive and Non-Executive Directors. All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company A balance of power between Executive and Non-Executive Directors is maintained
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Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
			<ul style="list-style-type: none"> The views of Directors on issues under consideration are ascertained Regular meetings are conducted at least once a quarter and the minutes of the meetings are accurately recorded

A.4 FINANCIAL ACUMEN

The Code requires that the Board comprises 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	Compliant	The Board comprises Three Chartered Accountants of which, one Chartered Accountant serves as the Chairperson of the Audit Committee. This director adds substantial value and independent judgment on the decision-making of the Board on matters concerning finance and investments.
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A.5 BOARD BALANCE

The Code requires that a balance is maintained between the Executive Directors 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 Seven (07) Non-Executive Directors. Each of them brings to the Board, wide experience and the ability to the board to exercise independence and judgement when taking informed decisions.

10	Presence of Non-Executive Directors	A.5.1	Compliant	7 out of 9 Directors are Non-Executive Directors, which is well above the minimum number prescribed by this Code.
11.	Criteria to evaluate Independence of Non-Executive Directors	A.5.3	Compliant	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 from 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 judgement.
12.	Signed declaration of independence by the Non-Executive Directors	A.5.4	Compliant	Every Non-Executive Director of the Company has made a written submission as to their independence against the specified criteria.

CORPORATE GOVERNANCE

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
13.	Determination of independence of the Board	A.5.5	Compliant	<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. Independent Non-Executive Directors are:</p> <ul style="list-style-type: none"> • Mr. Harsha Amarasekera • Ms. Ramani Ponnambalam • Ms. Warini De Costa • Mr. Ranil De Silva <p>The Board believes the independence of Mr. Harsha Amarasekera, PC and Ms. Ramani Ponnambalam are not compromised by being members for more than 9 years.</p>
14.	Alternate Directors	A.5.6	Compliant	<p>One alternate Director was appointed by one Non-Executive Director of the Company and she was not an Executive Director of the Company.</p> <ul style="list-style-type: none"> • Ms. Kawshi Amarasinghe was an alternate Director to Mr. Dhammika Perera and she ceased to be an alternate Director w.e.f. 10 June 2022 with the resignation of Mr. Dhammika Perera.
15.	Chairman's meeting with Non-Executive Directors	A.5.9	Compliant	The Chairman meets the Non-Executive Directors without the presence of the Executive Directors whenever necessary.
16.	Recording concerns of the Directors	A.5.10	Compliant	Concerns raised by the Directors during the period, if any, are recorded in the minutes of Board meetings with adequate details by the Company Secretary.

A.6 SUPPLY OF INFORMATION

Management should provide time-bound information in a format that is appropriate and which 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.

17.	Obligation of the Management to provide appropriate and timely information to the Board	A.6.1	Compliant	<p>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.</p>
18.	Adequate time for effective Board meetings	A.6.2	Compliant	The minutes, agenda and papers required for the Board meeting are provided in advance to facilitate its effective conduct.

A.7 APPOINTMENTS TO THE BOARD

The Code requires having a formal and transparent procedure in place for the appointment of new Directors to the Board.

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
19.	Nomination Committee	A.7.1 & A.7.2	Compliant	<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 consist of the following members:</p> <ul style="list-style-type: none"> • Mr. Mohan Pandithage - Chairman* • Mr. Dhammika Perera** • Dr. Harsha Cabral, PC*** <p>* Executive Director ** Non-Executive Director *** Independent Non-Executive Director</p> <p>Mr. Aravinda Perera [appointed to the Committee w.e.f. 21 April 2023] Mr. Dhammika Perera [resigned w.e.f. 10 June 2022]</p> <p>The Board annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches with the strategic demands facing the Company.</p>
20.	Disclosure of New appointments	A.7.3	Compliant	<p>A brief resume of the Director, the nature of his/her experience and names of the companies he/she holds the directorship and the independence is informed to the Colombo Stock Exchange and disclosed in the Annual Report on pages 20 to 21</p>
A.9 APPRAISAL OF BOARD PERFORMANCE				
The Board should periodically appraise its own performance against the present targets in order to ensure that the Board's responsibilities are satisfactorily discharged.				
21.	Annual performance evaluation of the Board and its Committees	A.9.1 & A.9.2	Compliant	<p>The Chairman and Remuneration Committee evaluate the performance of the Executive Directors periodically.</p> <p>The Board undertakes an annual self-evaluation of its own performance and its Committees. The Board evaluated its performance and effectiveness in the current year.</p>
A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS				
22.	Details in respect of Directors	A.10.1	Compliant	<p>The following details pertaining to each Director are disclosed as follows:</p> <p>Brief profile with expertise and experience - pages 20 to 21</p> <p>Directors' Interest in Contracts - page 91</p> <p>Detail of Board Meetings held during the year - page 72</p>

CORPORATE GOVERNANCE

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
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A.11 APPRAISAL OF MANAGING DIRECTOR (CEO)

The Board of Directors should annually assess the performance of the Managing Director who performs the role of the Chief Executive Officer.

23.	Targets for Managing Director	A.11.1	Compliant	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.
24.	Evaluation of performance of the Managing Director	A.11.2	Compliant	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. DIRECTORS' REMUNERATION

B.1 REMUNERATION PROCEDURE

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.

25.	Establishment of remuneration committee	B.1.1, B.1.2, B.1.3, B.1.4 & B.1.5	Compliant	<p>Hayleys PLC, the parent Company's Remuneration Committee functions 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:</p> <ul style="list-style-type: none"> • Dr. Harsha Cabral, PC** - Chairman • Mr. Dhammika Perera* • Mr. Aravinda Perera** • Mr. Mohamed Hisham Jamaldeen ** <p>* Non-Executive Director ** Independent Non-Executive Director</p> <p>Mr. Gamini Gunaratne Independent, Non-Executive Director was appointed to the Committee w.e.f. 21 April 2023</p> <p>Mr. Dhammika Perera resigned w.e.f. 10 June 2022</p> <p>Payment of remuneration to Directors is disclosed in page 90 of this report.</p>
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Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
C. RELATIONS WITH SHAREHOLDERS			
C.1 CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS			
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.			
26.	Use of proxy votes	C.1.1 & C.1.2	Compliant
			<p>A Copy of the Annual Report including Financial Statements is posted on corporate website as well as CSE website. The Notice of meeting and Form of proxy are sent to the shareholders 15 working days prior to the AGM.</p> <p>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 a show of hands, except where a poll is called.</p>
C.2 COMMUNICATION WITH SHAREHOLDERS			
The Code requires that the Board should implement effective communication with Shareholders.			
27.	Channel to reach all Shareholders	C.2.1	Compliant
			<p>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.</p> <p>Further, financial and other announcements are promptly submitted to CSE to publish in the CSE website.</p>
28.	Policy methodology for communication with shareholders.	C.2.2	Compliant
			<p>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.</p> <p>Contact details are published in all annual and quarterly financial reporting.</p>
29.	Implementation of the policy and methodology for communication with Shareholders.	C.2.3 & C.2.7	Compliant
			Please refer C.2.4 and C.2.5 for the implementation of the policy and methodology.
30.	Contact person for communication	C.2.4 & C.2.6	Compliant
			Details of contact persons are disclosed in the back inner cover of the Annual Report and Quarterly Financial Statements.
31.	Process to make Directors aware of major issues and concerns of Shareholders	C.2.5	Compliant
			The Company Secretary maintain a record of all correspondence about all major issues and concerns of the Shareholders.

CORPORATE GOVERNANCE

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
32.	Process for responding Shareholder matters	C.2.7	Compliant	Covered under the Section C.2

D. ACCOUNTABILITY AND AUDIT

D.1 FINANCIAL AND BUSINESS REPORTING [THE ANNUAL REPORT]

The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.

33.	Board's responsibility for Statutory and Regulatory Reporting	D.1.1	Compliant	<p>The Board has recognised the responsibility to present regulatory and statutory reporting in a balanced and understandable manner.</p> <p>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.</p>
34.	Declaration by Directors' report in the Annual Report	D.1.4	Compliant	The Directors have made all required declarations in the "Annual Report of the Board of Directors" and appears on pages 25 to 27.
35.	Statement of Directors' and Auditor's responsibility for Financial Reporting	D.1.5	Compliant	The "Statement of Directors' Responsibilities" is given on page 94. See the "Auditors' Report" on page 103 to 105 for the reporting Responsibility of Auditors.
36.	Disclosure of related party transactions	D.1.8	Compliant	Refer the "Related Party Transaction Review Committee" report on page 95.

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
37.	Annual evaluation of the internal controls system and Risk Management	D.2.1	Compliant	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 (MASRD) plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where necessary. The MASRD'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 MASRD and the Chairman of the Audit Committee without the interference of any Directors or Executives.
38.	Availability of internal audit function and disclosure in annual report.	D.2.2 & D.2.3	Compliant	Please refer Internal Control and Risk Management Report on pages 86 to 87.
39.	Review of the process and effectiveness of risk management and internal controls.	D.2.4	Compliant	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.

D.2 RISK MANAGEMENT AND INTERNAL CONTROL

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.

D.3 AUDIT COMMITTEE

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.

CORPORATE GOVERNANCE

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
40.	Composition of the Audit Committee	D.3.1	Compliant	<p>Audit Committee consists of the following Three (03) Independent Non-Executive Directors</p> <ul style="list-style-type: none"> • Ms. Warini De Costa - Chairperson • Mr. Harsha Amarasekera, PC - Member • Ms. Ramani Ponnambalam - Member <p>The Board appointed Mr. Ranil De Silva to the Audit Committee of the Company at its Board Meeting held on 08 May 2023.</p> <p>The Company Secretary serves as its Secretary. The Chairman, Managing Director, Head of Internal Audit, the Head of Finance and Hayleys Group CFO are invited to attend meetings as required. The input of the Statutory Auditors and the Group Internal Auditor is obtained where necessary. The Audit Committee is required to assist the Company to achieve a balance between conformance and performance.</p>
41.	Terms of reference of the Audit Committee	D.3.2	Compliant	<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 pages 98 to 99.</p>
42.	Disclosures of the Audit Committee	D.3.3	Compliant	<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 98 to 99.</p>

D.4 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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.

43.	A related party and related party transactions will be as defined in LKAS 24.	D.4.1	Compliant	<p>The Related Party Transactions Review Committee of Hayleys PLC, the parent company functions as the Related Party Transactions Review Committee of the Company.</p> <p>Please refer Related Party Transaction Review Committee Report on page 95.</p>
44.	Establishment of Related Party Transaction Review Committee and composition.	D.4.1	Compliant	<p>Please refer Related Party Transaction Review Committee Report on page 95.</p>

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2022/23
45.	Written terms of reference of Related Party Transaction Review Committee.	D.4.3	Compliant	Please refer Related Party Transaction Review Committee Report on page 95.

D.5 CODE OF BUSINESS CONDUCTED AND ETHICS

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.

46.	Code of Business Conduct and Ethics	D.5.1	Compliant	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.
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D.6 CORPORATE GOVERNANCE DISCLOSURE

Directors of the Company disclose annually the Company's adherence to the Code of Best Practice on the Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

47.	Disclosure of corporate governance	D.6.1	Compliant	This requirement is met through the presentation of this report.
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E. INSTITUTIONAL INVESTORS

E.1 SHAREHOLDERS' VOTING

Institutional Shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice.

48.	Communication with Shareholders	E.1.1	Compliant	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.
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CORPORATE GOVERNANCE

SECTION 2 : COLOMBO STOCK EXCHANGE LISTING RULES

Statement of Compliance

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

Rule No.	Subject	Extent of Adoption	Compliance Status	Reference in this Report
7.10.1[a]	Non-Executive Directors [NED]	Seven [07] out of the Nine [09] Directors were Non Executive Directors.	Compliant	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.	Compliant	Corporate Governance
7.10.2 [a]	Independent Directors [ID]	Four [04] of the Seven [07] Non-Executive Directors were Independent.	Compliant	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.	Compliant	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.	Compliant	Corporate Governance
7.10.3 [b]	Disclosure relating to Directors	The Board has determined that Four [04] Non-Executive Directors satisfy the criteria for "independence" set in the Listing Rules as in item A.5.5 of the CASL code table.	Compliant	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.	Compliant	Profiles of the Board of Directors
7.10.3 [d]	Disclosure relating to Directors	Forthwith provide a brief profile of a new Director appointed to the Board with details specified in 7.10.3 [a], [b] and [c] to the Exchange.	Compliant	Corporate Governance
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Corporate Governance
7.10.5 [a]	Composition of Remuneration Committee	The Remuneration Committee of Hayleys PLC which functions as the Remuneration Committee of the Company comprises Four [04] Independent Non Executive Directors.	Compliant	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.	Compliant	Corporate Governance

Rule No.	Subject	Extent of Adoption	Compliance Status	Reference in this Report
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 78 The disclosure of the Remuneration Committee is given on page 96 and the remuneration paid to Directors is given in the Note 31.3 to the Financial Statement on page 161.	Compliant	Corporate Governance and Notes to the Financial Statements
7.10.6 [a]	Composition of Audit Committee	Shall comprise of NEDs, a majority of whom will be independent.	Compliant	Report of the Audit Committee
7.10.6 [b]	Audit Committee Functions	Audit Committee functions are stated in the Audit Committee Report on pages 98 to 99.	Compliant	Corporate Governance and Report of the Audit Committee
7.10.6 [c]	Disclosure in Annual Report relating to Audit Committee	The names of the Audit Committee members given on page 98. The basis of determination of the independence of the Auditor is also given on pages 98 to 99.	Compliant	Corporate Governance and Report of the Audit Committee
7.14.1	Minimum Public Holding	As a listed Company in the Main Board, the Company maintained the minimum public holding under specified criteria.	Compliant	Share and Investor Information

This section covers Hayleys 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	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 RPTRC Committee for the Company. The functions of the Committee are stated in Related Party Transactions Review Committee report on page 95.	Compliant	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"> • Dr. Harsha Cabral, PC - Chairman [Independent Non-Executive Director - Hayleys PLC] • Mr. Aravinda Perera - [Independent Non-Executive Director - Hayleys PLC] • Mr. Sarath Ganegoda - [Executive Director - Hayleys PLC] 	Compliant	Annual Report of Board of Directors and Related Party Transactions Review Committee Report
9.2.4	Related Party Transactions Review Committee- Meetings	The committee met four (04) times during the financial year of 2022/23	Compliant	Annual Report of Board of Directors
9.3.2 [a]	Disclosure - Non-recurrent Related Party Transactions	Company did not have any Non-recurrent related party transactions with aggregate value exceeding 10% of the equity or 5% total assets whichever is lower. No disclosures required.	Compliant	Related Party Transactions Review Committee Report

RISK MANAGEMENT FRAMEWORK

OVERVIEW

Risk landscapes have continued to evolve at a rapid pace, necessitating proactive and robust risk management frameworks and practices. Our company's pursuit of financial stability and performance depends on effective risk management structures, which incorporates best practices into the company's strategy, decision-making and risk culture. Our Company's risk management strategy is distinguished by clear governance

structures, stringent policy frameworks, and clearly articulated mandates through a "5-step Risk Management Framework".

Throughout the risk management process, effective communication and consultation with stakeholders is crucial. This involves sharing risk information, seeking input from relevant parties, and ensuring that risk-related decisions are well understood and supported.

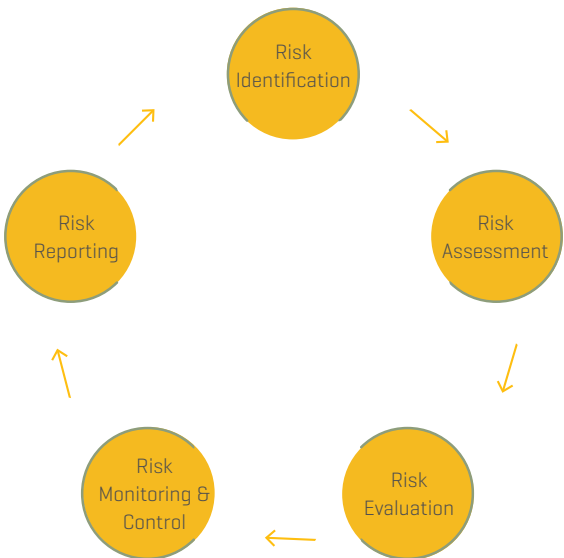
By following a structured risk management framework, we can systematically identify, evaluate, and address risks, thereby reducing potential losses, enhancing decision-making, and improving overall organisational resilience.

1. Risk Identification - It is necessary to identify risks that are reassuringly predictable and might potentially have an impact on the organization.

2. Risk Assessment - Exploring the strengths and weaknesses of existing systems and processes designed to help control the risk.

- Identifying the existing controls
- Assess the likelihood and consequences
- Rate the level of risk [Risk Matrix]
- PESTEL, SWOT & Benefit/Fault Tree Analysis are used as a techniques

3. Risk Evaluation - A Risk Management Module acts as a foundation to evaluate the identified risk based on the level of rating.



	High	Medium	Low
	Close monitoring required	Requires monitoring and management	Indensive management
	Risk may be accepted but requires monitoring	Management recommended	Management required
Low	Acceptable risk	Risk acceptable, requires regulation	Managed
	Low	Medium	High

RISK MANAGEMENT MODULE

A risk management module has been implemented to proactively identify, assess, and mitigate risks. It streamlines the risk management process, improves visibility, and facilitates collaboration among stakeholders, ultimately enabling the organisation to make informed decisions.

4. Risk Monitoring and Control - it is essential to continuously monitor and review the effectiveness of the measures. This includes tracking changes in risk exposures, evaluating the performance of control measures, and updating risk assessments as needed. Controls measures are definite post risk evaluation. Where risk treatment is necessary, it entails

choosing one or more choices for risk modification i.e. accept, transfer, mitigate and avoid.

5. Risk Reporting - Regular reporting on risk management performance to senior management and relevant stakeholders helps ensure transparency and accountability.

RISK LANDSCAPE

The Company's shift landscape shifted considerably during the year, reflecting the country's economic vulnerabilities, political instability and social unrest. The Kingsbury regularly evolves and analyzes developing risks that have the potential to impact its financial performance, sustainability, business continuity, Technological Infrastructure and human capital

Economical Risk	Interest rate Risk Forex Risk Credit Risk Liquidity Risk	Geopolitical Risk	Concentration Risk Civil Riot, Terrorism and War Competitor Risk Supply chain risk Environmental Risk	Health & Safety	Food & Hygiene Safety Pandemic related risks	Human Capital	Employee Turnover	Compliance Risk	Theft & Fraud Regulatory Risk	Technology & Data Risk	Cyber Security Data Privacy Innovation risk
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Risk	Rating	Risk Response	Risk Mitigation Strategy
Interest rate risk	High	Impact on profitability through higher cost of borrowing, potentially reducing profitability and limiting investment opportunities. Increased inventory holding costs	Continuous monitoring of interest rate trends Timely adjustments of pricing and marketing strategies Restructure of bank rate policies
Brain drain	High	Skilled migration due to adverse political challenges prevailing	Salary and benefits benchmarked to industry Constant offering of training and development programs Defined, structured career paths for key employees
Forex risk	High	Direct implications of exchange rate fluctuations on Revenue and Profitability Cost escalations in imported raw materials Impact in operating costs due to interrupted supply chain and paucity of imported goods in the market	Monitor exchange rate movements and economic indicators Effective cost management Proactive relationships with banks Timely repricing strategies

RISK MANAGEMENT FRAMEWORK

Risk	Rating	Risk Response	Risk Mitigation Strategy
Credit risk	High	<p>Risk of defaults with possible losses</p> <p>Negative cash flows impact operational working capital</p>	<p>Robust credit policy and procedures which includes setting credit limits, defining payment terms, and regularly reviewing customer creditworthiness</p> <p>Payment Systems and Security monitoring</p> <p>Negotiating favorable payment terms with suppliers</p>
Liquidity risk	High	<p>Insufficient cash flow position leads to not being able to meet financial obligations</p> <p>Additional interest and penalties on statutory obligations</p> <p>Liquidity constraints lead to financial insecurity/instability</p>	<p>Effective working capital management</p> <p>Business contingency planning</p> <p>Regular cash flow forecasting models to project future cash inflows and outflows</p>
Concentration risk	High	<p>Market Segment Concentration</p> <p>Dependency on Intermediaries or Distribution Channels</p> <p>Supplier Concentration</p>	<p>Identify emerging trends, changing consumer preferences and market dynamics.</p> <p>Regularly assess the financial health of key partners</p> <p>Creation of supplier Pool</p>
Civil Riot, Terrorism & War	High	<p>Implementation of Travel Advisories and Restrictions which leads to less tourists inbound</p> <p>Create an atmosphere of uncertainty and insecurity</p>	<p>Implementation of security protocols and emergency response system</p> <p>Crisis management plans</p> <p>Comprehensive insurance coverage</p>
Competitor risk	High	<p>Market share division due to intense competition of new hotel chains emergence</p>	<p>Attractive marketing strategies in place to allure customers</p> <p>Product and Service Innovation</p>
Supply chain risk	High	<p>Seasonality and Demand Fluctuations leading to potential shortages, delivery delays, or increased costs</p> <p>Failure to meet regulatory requirements or product safety standards leading to customer dissatisfaction</p>	<p>Regularly assess supplier capabilities and their financial stability</p> <p>Supplier chain mapping (P2P) including all tiers of suppliers and dependencies</p>
Environmental risk	High	<p>Unpredictable change in climate patterns affecting accessibility and attractiveness of destinations</p>	<p>Close monitoring of weather forecasts</p> <p>Disaster management plan</p>
Food & Hygiene Safety	High	<p>Foodborne Illnesses</p> <p>Failure to meet regulation standards for food & hygiene safety leading to reputational damage</p>	<p>Allergen Management</p> <p>Comply with updated licenses, ISO certifications and permits</p>

Risk	Rating	Risk Response	Risk Mitigation Strategy
Pandemic related health risks	High	Reemergence of COVID 19 variants globally leading to re-introduction of additional safety protocols deterring potential customers	Monitor global health & safety regulations
Theft & Fraud	Medium	Potential damage to brand leading to loss of business opportunity	Enforced robust security surveillance Comprehensive Whistle Blowing Policy
Regulatory risk	Medium	Enforcing new taxation policies affecting the pricing and competitiveness of the business Imposing new environmental regulations to reduce e-waste	Price adjustments to accounting to new tax policies Implementation of e-waste management system
Cyber Security	Medium	Phishing scams/attacks on networks	Implemented OneDrive & SharePoint mechanism to safeguard critical documents Creating awareness on e-scams for staffs
Data Privacy	Medium	Hacking of personal & clientele data	Closely following international data protection laws.
Innovation risk	Medium	Rapid IT infrastructure progress globally	Research and development of new IT infrastructure facilities

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Hayleys Leisure PLC are pleased to present their report on the affairs of the Company together with the audited Financial Statements of the Company and of the Group, for the year ended 31 March 2023.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 (the Companies Act), the Listing Rules of the Colombo Stock Exchange (Listing Rules of CSE), the code of best practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka.

PRINCIPAL BUSINESS ACTIVITIES

The Principal activity of the Company and its subsidiaries included in the consolidation consist of operating star class hotels, providing services for management research and development of the Group of hotels.

REVIEW OF BUSINESS

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 31 March 2023 and its future prospects.

The Directors to the best of their knowledge and belief confirm that the Group has not engaged in any activities which contravene laws and regulations.

PERFORMANCE AND APPROPRIATIONS

The Company's performance and financial position including that of its subsidiaries for the year ended 31 March 2023 is summarised in the Statements of Group financial and operational highlights 2022/23 on page 03

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Financial Statements of the Company and the Group are given on pages 102 to 165 of this report.

The Auditors' Report on the Financial Statements of the Company and the Group is given on pages 103 to 106.

STATED CAPITAL

The Stated Capital of the Company as at 31 March 2023 was Rs. 909,370,708/- comprising 107,989,958 Ordinary Shares.

RESERVES

Details of reserves of the Company are shown in Note 24 to the Financial Statements

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of Property, Plant and Equipment during the year amounted to 98Mn (2022 - Rs. 273Mn) details of which are given in Note 15 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Information relating to the movement in Property, Plant and Equipment is given in Note 15 to the Financial Statements.

CHANGES IN FIXED ASSETS

The movement in fixed assets during the year is set out in Note 15 to the Financial Statement.

INVESTMENTS

Details of investments held by the Company and by the Group are given in Note 17 and 18 to the Financial Statements.

DIRECTORATE

The names of the Directors who served during the year are given below and their brief profiles appear on pages 20 and 21.

Executive

Mr. Mohan Pandithage
Mr. Rohan Karunarajah

Non-Executive

Mr. Sarath Ganegoda
Mr. Johann Wijesinghe
Ms. Brindhiini Perera

Independent Non-Executive

Mr. Harsha Amarasekera, PC
Ms. Ramani Ponnambalam
Ms. Warini De Costa
Mr. Ranil De Silva

In accordance with Rule 7.10.2 [b] of the listing rules of Colombo Stock Exchange [CSE], Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 7A of continuing Listing Rules of CSE.

Mr. Dhammika Perera who served as a Non-Executive Director resigned with effect from 10 June 2022 and consequent to his resignation, his alternate director Ms. Kawshi Amarasinghe ceased to be his alternate on the Board of the Company.

Ms. Brindhiini Perera was appointed to the Board as a Non-Executive Director on 19 October 2022. In terms of Article 27(2) of the Articles of Association of the Company, shareholders will be requested to re-elect Ms. Brindhiini Perera at the Annual General Meeting.

In terms of Article 29 [1] of the Articles of Association of the Company, Mr. Johann Wijesinghe and Mr. Harsha Amarasekera, PC retire by rotation and being eligible offer themselves for re-election.

Pursuant to Section 211 of the Companies Act No. 07 of 2007, an ordinary resolution will be put before the shareholders for the reappointment of Mr. Mohan Pandithage notwithstanding the age limit of Seventy Years stipulated by Section 210 of the Companies Act.

DIRECTORS' SHAREHOLDING

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 the Boards in compliance with Section 200 of the Companies Act.

Details of Directors' shareholdings are as follows:

Director	No. of Shares	
	31.03.2023	31.03.2022
Mr. Mohan Pandithage	Nil	Nil
Mr. Sarath Ganegoda	Nil	Nil
Mr. Rohan Karunarajah	Nil	Nil
Mr. Harsha Amarasekera, PC [Jt.] [Mr. B. M. Amarasekera & Mr. Harsha Amarasekera-27,830 HSBC/Mr. B.M. Amarasekera & Mr. Harsha Amarasekera-19,082]	46,912	46,912
Ms. Ramani Ponnambalam	Nil	Nil
Ms. Warini De Costa	Nil	Nil
Mr. Johann Wijesinghe	Nil	Nil
Mr. Ranil De Silva	Nil	Nil
Ms. Brindhiini Perera	Nil	Nil
Ms. Kawshi Amarasinghe (Alternate Director to Mr. Dhammika Perera) - ceased to be an Alternate Director w.e.f. 10 June 2022	Nil	Nil
Mr. Dhammika Perera [resigned w.e.f. 10 June 2022]	1,006,422	1,006,422

Mrs. S. Amarasekera, Spouse of Mr. Harsha Amarasekera, PC purchased and disposed 4,730 shares of the Company during the financial year.

INTEREST REGISTER

The Company, in compliance with the Companies Act, maintains an Interest Register.

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the Company have made the general disclosure as per section 192 [2] of the Companies Act No. 07 of 2007. Note 30 to the Financial Statements dealing with related party disclosure includes details of their interests in transactions.

RELATED PARTY TRANSACTION REVIEW COMMITTEE

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of Hayleys PLC, the parent company and are in compliance with Section 9 of the Listing Rules of CSE.

The names of the members of the Committee and their attendance at the Meetings are given on the Related Party Transaction Review Committee Report on page 95.

REMUNERATION COMMITTEE

The Remuneration Committee of the parent company, Hayleys PLC functions as the Remuneration Committee of the Company and conforms to the requirements of the Listing Rules of CSE.

The names of the members of the Committee and their attendance at the Meetings are given on the Remuneration Committee Report on page 96.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

DIRECTORS' REMUNERATION

Directors' Remuneration in respect of the Company is disclosed under Note 33.

Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors for the year ended 31 March 2023 is Rs. 74,619,333/-. The total remuneration of Non-Executive Directors for the year ended 31 March 2023 is 4,784,000/- determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

BOARD NOMINATION COMMITTEE

The Nomination Committee of the parent company, Hayleys PLC functions as the Nomination Committee of the Company and conforms to the regulatory requirements.

The names of the members of the Committee and their attendance at the Meetings are given on the Nomination Committee Report on page 97.

EMPLOYEES AND INDUSTRIAL RELATIONS

There have been no material issues pertaining to employees and industrial relation of the Company during the Financial Year. The number of persons employed by the Group was 586.

SHAREHOLDERS DISTRIBUTION & PUBLIC SHAREHOLDING

The distribution of shareholders is indicated on page 168 in the Annual Report. There were 1,880 registered shareholders as at 31 March 2023. The percentage of the shares held by the public as at 31 March 2023 was 31.41%, representing 1,871 shareholders.

SHAREHOLDING INFORMATION

Information relating to major shareholders of the Company as at 31 March 2023 is given on page 169.

DIVIDENDS

No dividends were declared during the finance year under review.

MARKET PRICE INFORMATION

Information relating to market price information is given on page 168.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS

The Directors of the Company and its subsidiaries have made the general disclosure as per section 192(2) of the Companies Act. Note 32 to the Financial Statements dealing with related party disclosure includes details of their interests in transactions.

INSURANCE & INDEMNITY

The parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and officers of the Group.

DONATIONS

No donations were made for the year ended 31 March 2023.

ACCOUNTING POLICIES

The Accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 114 to 130 in the Annual Report. The Accounting policies adopted are consistent with those of the previous financial year.

EXPOSURE TO RISK

The Company's Board Audit Committee play a major role in identifying and

reviewing the risk exposures of the Company. The Risk Management section of this report elaborates these practices and the risk factors of the Company.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Company's system of internal controls. The system is designed to give assurance, inter alia, regarding safeguarding the assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

AUDITORS

The Auditors, Messrs. Ernst & Young, Chartered Accountants, were paid Rs. 2,392,222/- [2021/22: 2,056,155/-] as audit fees by the Group. In addition, they were paid Rs. 598,420/- [2021/22: 451,498/-] by the Group for non-audit related work.

The Audit Committee of the Company reviews the appointment of the Auditor, its effectiveness and the relationship with the Company including the level of audit and non-audit fees paid to the Auditors.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company. The Auditors have confirmed that they do not have any interest or relationship [other than that of Auditors] or interest in the Company other than those disclosed above.

Messrs. Ernst & Young, have expressed their willingness to continue in office and in accordance with the Companies Act a resolution proposing the re-appointment of Messrs. Ernst & Young,

Chartered Accountants, as Auditors and to authorise the Directors to determine their remuneration is being proposed at the Annual General Meeting.

POST BALANCE SHEET EVENTS

Events occurring after the reporting date are given in the Note 32 to the Financial Statements

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 Wednesday, 28 June 2023 at 11.00 a.m. The Notice of the Annual General Meeting appears on page 171 of the Annual Report.

For and on behalf of the Board,



Mohan Pandithage
Chairman



Rohan Karunarajah
Managing Director



Hayleys Group Services (Private) Limited
Secretaries
No. 400, Deans Road,
Colombo 10.

08 May 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under sections 150 [1], 151, 152 & 153 of the Companies Act No. 07 of 2007 [the Companies Act], 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 of the Companies Act, 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.

The Board confirms that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting standards, Companies Act 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 Chartered Accountants were re-appointed in terms of Section 158 of the Companies Act and 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 103 to 106 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 provided where relevant.

By order of the Board Hayleys Leisure PLC



Hayleys Group Services (Private) Limited
Secretaries

08 May 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee [RPTRC] of Hayleys PLC, the parent company functions as the RPTRC of the Company in terms of the Section 9 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE

RPTRC of Hayleys PLC met four times during the financial year and the attendance of these meetings is given below;

NAME	CATEGORY	TOTAL
Dr. Harsha Cabral, PC - Chairman	IND/NED	4/4
Mr. Aravinda Perera	IND/NED	4/4
Mr. Sarath Ganegoda	ED	4/4

[IND-Independent Director, NED-Non-Executive Director, ED – Executive Director]

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 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 RPTRC reviewed the related party transactions and their compliance with Hayleys Leisure PLC and communicated the same to the Board.

The RPTRC in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the management.



Dr. Harsha Cabral, PC
Chairman

Related Party Transactions Review Committee of
Hayleys PLC

17 May 2023

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of the parent company Hayleys PLC functions as the Remuneration Committee to the Company in terms of the Section 7.10.5 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE

Remuneration Committee of Hayleys PLC met two times during the financial year and the attendance of these meetings is given below;

NAME	CATEGORY	TOTAL
Dr. Harsha Cabral, PC - Chairman	IND/NED	2/2
Mr. H. Jamaldeen	IND/NED	2/2
Mr. Aravinda Perera	IND/NED	2/2
Mr. Dhammika Perera [Resigned w.e.f. 10 June 2022]	NED	1/1

[IND-Independent Director, NED-Non-Executive Director, ED – Executive Director]

* Mr. Gamini Gunaratne [IND/NED] was appointed to the Remuneration Committee of Hayleys PLC effective 21 April 2023.

DUTIES OF THE REMUNERATION COMMITTEE

The Committee vested with power to evaluate, assess, decide, and recommend to the Board of Directors on any matter that may affect Human Resources Management of the Company and the Group and specifically include –

- Formulate guidelines, policies, and parameters for the compensation of all Executives staff of the Company.
- Review information related to executive pay from time to time to ensure same is on a par with the market/industry rates.
- Evaluate the performance of the Chairman and Chief Executive and Key Management Personnel against the pre-determined targets and goals.
- Assess and recommend to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.
- Approving annual salary increments and bonuses.
- Determining the compensation of the Chairman and Chief Executive, Executive Directors and the Members of the Group Management Committee.
- Lay down guidelines and parameters for the compensation of all Management staff within the Group taking into consideration industry norms.

REMUNERATION POLICY

The remuneration policy is to attract and retain highly qualified and experienced workforce, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

ACTIVITIES IN 2022/2023

- During the year the Committee reviewed the performance of the Chairman and Chief Executive, Executive Directors and Group Management Committee based on the targets set in the previous year and determined the bonus payable and the annual increments.
- Recommended the bonus payable and annual increments to be paid to executive and non-executive staff based on the ratings of the Performance Management System.



Dr. Harsha Cabral, PC
Chairman

Remuneration Committee of Hayleys PLC

19 May 2023

NOMINATION COMMITTEE REPORT

The Nomination Committee of the parent company, Hayleys PLC functions as the Nomination Committee for the Company in compliance with the regulatory requirements.

COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE

The Nomination Committee of Hayleys PLC met Nine times during the financial year. The attendance of these meetings is given below;

NAME	CATEGORY	TOTAL
Mr. Mohan Pandithage – Chairman	ED	9/9
Dr. Harsha Cabral, PC	IND/NED	9/9
Mr. Dhammika Perera [Resigned with effect from 10 June 2022]	NED	1/2

[IND-Independent Director, NED-Non-Executive Director, ED – Executive Director]

* Mr. Aravinda Perera [IND/NED] was appointed to the Nomination Committee of Hayleys PLC effective 21 April 2023.

DUTIES OF THE NOMINATION COMMITTEE

- Consider the making of any new appointment to the Board or re-electing current Directors to the Board.
 - Provide advice and recommendations to the Board on any such appointment.
 - Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
 - Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
 - Review the structure, size, composition and competencies of the Board and make recommendations to the Board with regard to any changes.
- Recommend the requirements of new expertise and succession arrangements for retiring Directors.
 - Recommend on any matter referred by the Board of Directors.
 - The Committee has recommended based on the performance and the contribution made to achieve the objectives of the Board to re-elect Mr. Johann Wijesinghe and Mr. Harsha Amarasekera, PC at the Annual General Meeting to be held on 28 June 2023.
 - The Committee has recommended to reappoint Mr. Mohan Pandithage who retires having attained the age of Seventy Two years, at the Annual General Meeting to be held on 28 June 2023.



Mohan Pandithage
Chairman

Nomination Committee of Hayleys PLC

19 May 2023

REPORT OF THE AUDIT COMMITTEE

ROLE OF THE COMMITTEE

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities.

Key responsibilities include;

- Ensuring the quality and integrity of the Financial Statements of the Company and that a sound financial reporting system is in place to provide accurate, appropriate and timely information to the management, regulatory authorities and shareholders in compliance with Sri Lanka Accounting Standards, Companies Act, No. 7 of 2007 Listing Rules of Colombo Stock Exchange [Listing Rules of CSE] and other financial reporting related regulations and requirements.
- Monitoring and review of the adequacy and effectiveness of the Company's internal control system and risk management function.
- Assessing the independence and effectiveness of both the Internal and External Audit functions.
- Reviewing the Company's compliance with relevant legal and regulatory requirements which are fundamental to the Company's operations and continued business.

COMPOSITION OF THE COMMITTEE AND MEETINGS

The Audit Committee during the Financial Year under review comprised three Independent Non-Executive Directors as follows;

Ms. Warini De Costa
Independent Non-Executive Director
Mr. Harsha Amarasekera
Independent Non-Executive Director
Ms. Ramani Ponnambalam
Independent Non-Executive Director

The Chairman of the Audit Committee is Ms. Warini 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 20 to 25.

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 and 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, Head of Finance, Manager - Finance and the Group Chief Financial Officer (CFO) of Hayleys PLC and the Head of Internal Audit of the Group Management Audit and Systems Review Department of Hayleys PLC attend the Audit Committee meetings by invitation. Other Directors, Managers and officers as well as the Independent External Auditors are invited to attend the meetings as required.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee held four (4) meetings during the financial year 2022/23. The Attendance at the Audit Committee meetings held during the year under review is as follows.

Name of Director	Total
Ms. Warini De Costa (Chairperson)	4/4
Mr. Harsha Amarasekera	1/4
Ms. Ramani Ponnambalam	4/4

Any individual member of the Committee has the opportunity to raise specific issues and obtain relevant information considered necessary at the meetings. The Committee was in regular contact with the management including the Head of Finance and Head of Group Internal Audit as necessary to strengthen guidance and oversight relating to matters coming under the purview of the Committee.

Proceedings of Audit Committee meetings are reported to the Board through verbal briefings and by tabling the minutes of the Committee's meetings.

FINANCIAL REPORTING

The Committee reviewed the effectiveness of the financial reporting process to ensure the reliability of the information provided which included obtaining a statement of compliance from the Head of Finance and the Director in charge of the operations. The Committee 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.

Audit Committee reviewed and recommended to the Board for approval of the Company's quarterly and annual Financial Statements prior

to their release taking into account the adequacy of disclosures, uniformity and appropriateness of the accounting policies adopted, major judgmental areas, changes in accounting policies and practices if any, significant adjustments arising from the External Audit and compliance with the applicable Sri Lanka Accounting Standards and other applicable laws, rules and guidelines.

INTERNAL AUDIT AND INTERNAL CONTROLS

The Hayleys PLC's 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, Head of Finance 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 the management and the Internal Auditors. The Committee ensured that the recommendations of the Internal Auditors have been followed up and appropriate remedial action was initiated.

The Committee also reviewed the organisational risks presented by the Management illustrating the foreseeable risks the Company faces, the likelihood and possible impact on the business and actions taken to mitigate such risks.

EXTERNAL AUDIT

Meetings were arranged with the engagement partner and senior officers of the External Auditors Messrs. Ernst & Young Chartered Accountants prior to the commencement of the audit to review the audit plan prior to finalisation of the audit and on completion of the audit to discuss and review matters raised in the management letter and any other matters as the Auditors may wish to discuss with the Committee.

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

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young Chartered Accountants continues as Auditors for the financial year ending 31 March 2024.

CONCLUSION

Based on the reports submitted by the External Auditors and the Internal Auditors of the Company, the assurances and certifications provided by the senior management, and the discussions with management and the auditors both at formal meetings and informally, the Committee is satisfied that internal controls have been operating as designed and provides reasonable assurance that the financial position of the company is adequately monitored and its assets are safeguarded.



Warini De Costa
Chairperson
Audit Committee

08 May 2023





FINANCIAL STATEMENTS

ASTUTE VALUE

Unveiling the financial symphony of triumph, this section highlights our unwavering commitment to driving innovation, and emphasises our ability to navigate through dynamic market conditions, make informed decisions, and seize emerging opportunities.

FINANCIAL CALENDAR

Interim Financial Statement - Quarter 1
Interim Financial Statement - Quarter 2
Interim Financial Statement - Quarter 3
Interim Financial Statement - Quarter 4
Annual General Meeting

04 August 2022
31 October 2022
31 January 2023
08 May 2023
28 June 2023

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
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TO THE SHAREHOLDERS OF HAYLEYS LEISURE PLC Report on the audit of the Financial Statements

Opinion

We have audited the Financial Statements of Hayleys 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 2023, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, 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 gives a true and fair view of the financial position of the Company and the Group as at 31 March 2023, 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 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>Management's assessment of carrying values of Property, Plant and Equipment.</p> <p>As at 31 March 2023, the Group's property, plant and equipment amounted to Rs. 4,446,672,489/- which represents 82% of the total assets of the Group.</p> <p>As a result of challenging economic circumstances experienced, the management carried out an impairment assessment of the Group's property, plant and equipment based on the recoverable amount determined using value in use computations (VIU) prepared based on the discounted cash-flows of the Group.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> Gained an understanding of how Management has forecast its discounted future cash flows. Our procedures included how management has considered the potential impact of the current economic conditions prevailing in the country. Checked the calculations of the discounted future cash flows and cross checked the data used by Management to relevant underlying accounting records, to evaluate their completeness and accuracy.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA FCMA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACA, D L B Karunathilaka ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT



Key audit matter	How our audit addressed the key audit matter
<p>We selected management's assessment of the recoverable amount of property, plant and equipment as a key audit matter due to the</p> <ul style="list-style-type: none"> the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of property, plant and equipment the degree of underlying assumptions coupled with inherent estimation uncertainties that arise when deriving the estimated future cashflows used for value in use calculations. <p>Key areas of significant judgments, estimates and assumptions included the following:</p> <ul style="list-style-type: none"> key assumptions related to the value in use computations of future cash flows, such as growth rates used for extrapolation purposes, discount rates and terminal yield rates 	<ul style="list-style-type: none"> Based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions used by the Group, in particular those relating to the growth rates, terminal yield rate and discount rate of the estimated future cashflows. <p>Assessed the adequacy of the disclosures made in Notes 15 and 16 in the Financial Statements.</p>
<p>Interest bearing borrowings</p> <p>As of the reporting date, the Group reported total interest bearing borrowings of Rs. 2,790 Mn, of which Rs. 958Mn is reported as current liabilities and the balance Rs. 1832Mn as non-current liabilities.</p> <p>Interest bearing borrowings was a key audit matter due to:</p> <ul style="list-style-type: none"> the magnitude of the interest bearing borrowings and its significance to the overall Financial Statements; existence of numerous financial and non-financial covenants; and <p>Appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the notes to the Financial Statements.</p>	<p>Our audit procedures included amongst others, the following;</p> <ul style="list-style-type: none"> Obtained an understanding of the terms and conditions attached to external borrowings, by perusing the loan agreements, Validated the entity's compliance with long term loan covenants, factoring in available moratoriums facilities and revisions to financing arrangements made during the year, Obtained management's assessment of future cash flows and its plans to meet debt service obligations as per existing contractual arrangements. Assessed the maturity profile of the Company's interest-bearing borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements. Assessed the adequacy and appropriateness of the disclosures made in Notes 19 and 32 to the Financial Statements relating to interest bearing borrowings.



Other information included in the 2023 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.

INDEPENDENT AUDITOR'S REPORT



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.

08 May 2023
Colombo

STATEMENT OF PROFIT OR LOSS

		Group		Company	
Year ended 31 March	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	7	1,531,664,498	777,262,242	291,454,320	125,098,803
Cost of sales		(720,182,397)	(479,523,103)	-	-
Gross profit		811,482,101	297,739,138	291,454,320	125,098,803
Other income	8	26,369,727	35,255,215	486,474	302,396,901
Impairment of investment in subsidiary	9	-	-	(32,021,455)	(91,411,934)
Selling and marketing expenses		(35,740,020)	(11,206,755)	(1,802,461)	(2,632,075)
Administrative expenses		(1,246,795,975)	(944,510,709)	(306,574,275)	(210,522,584)
Finance cost	10.1	(521,920,883)	(356,587,352)	(79,207,440)	(22,404,442)
Finance income	10.2	74,575,835	86,593,397	39,441,079	36,027,127
Profit/(Loss) before tax	11	(892,029,214)	(892,717,065)	(88,223,758)	136,551,796
Tax (expenses)/reversals	12	67,598,677	(5,823,398)	-	(1,326,707)
Profit/(Loss) for the year		(824,430,537)	(898,540,462)	(88,223,758)	135,225,089
Profit/(Loss) attributable to:					
Equity holders of the parent		(741,165,205)	(826,367,916)	(88,223,758)	135,225,089
Non-Controlling interest		(83,265,332)	(72,172,546)	-	-
		(824,430,537)	(898,540,462)	(88,223,758)	135,225,089
Basic Earning/(Loss) per share (Rs.)	13.1	(6.86)	(7.65)	(0.82)	1.25

The Accounting Policies and notes on pages 114 through 165 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
Year ended 31 March	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit/(Loss) for the year		[824,430,534]	[898,540,462]	[88,223,758]	135,225,089
Other comprehensive income/(Loss)					
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods					
Profit/(loss) on fair value through OCI financial assets		-	111,559,382	-	111,559,382
		-	111,559,382	-	111,559,382
Actuarial Gain/(loss) on defined benefit plan	26	[1,492,994]	[447,318]	560,853	44,233
Deffered Tax Impact on actuarial gain/(loss)		447,898	[18,290]	-	-
		[1,045,096]	[465,608]	560,853	44,233
Surplus on Revaluation of Freehold Land	24.1	-	105,664,000	-	-
Deffered tax impact on revaluation gain		-	[66,551,278]	-	-
Effect of income tax rate change on revaluation reserve		[85,917,331]	-	-	-
		[85,917,331]	39,112,722	-	-
Net Other Comprehensive Income/(loss) not to be reclassified to profit or loss in subsequent periods		[86,962,426]	150,206,496	560,853	111,603,615
Other comprehensive income/(loss) for the year, net of tax		[86,962,426]	150,206,496	560,853	111,603,615
Total comprehensive income/(loss) for the year, net of tax		[911,392,961]	[748,333,966]	[87,662,905]	246,828,704
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		[828,063,335]	[676,052,145]	[87,662,905]	246,828,704
Non-controlling interest		[83,329,628]	[72,281,821]	-	-
		[911,392,963]	[748,333,966]	[87,662,905]	246,828,704

The Accounting Policies and notes on pages 114 through 165 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31 March	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	15	4,446,672,489	4,684,023,551	26,149,814	35,173,135
Right-of-use assets	16	32,299,499	46,434,619	-	-
Investments in subsidiaries	17	-	-	1,237,519,176	1,269,540,631
Other non current financial assets	18	265,877,281	265,877,281	265,877,281	265,877,281
		4,744,849,269	4,996,335,451	1,529,546,271	1,570,591,047
Current assets					
Inventories	20	116,923,422	72,876,409	-	-
Trade and other receivables	21	361,498,325	254,348,822	533,854,255	146,975,524
Advances and prepayments		76,489,083	82,839,397	1,999,395	12,740,727
Tax receivables		4,410,880	4,409,765	264,969	264,586
Other current financial assets	18	1,990,450	1,135,218	1,990,450	1,135,218
Short term deposits	22	2,052,644	1,726,547	2,052,644	1,726,547
Cash and cash equivalents	22	100,763,273	245,792,771	21,472,210	61,750,957
		664,128,069	663,128,929	561,633,923	224,593,559
Total assets		5,408,977,342	5,659,464,380	2,091,180,194	1,795,184,606
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	23	909,370,708	909,370,708	909,370,708	909,370,708
Revaluation reserve	24.1	376,989,122	462,906,453	-	-
Retained earnings		83,736,975	825,882,977	157,774,933	245,437,838
		1,370,096,805	2,198,160,138	1,067,145,641	1,154,808,546
Non-controlling interest		[136,120,063]	[52,790,436]	-	-
Total equity		1,233,976,742	2,145,369,702	1,067,145,641	1,154,808,546
Non-current liabilities					
Interest bearing loans and borrowings	19	1,832,171,752	1,039,018,243	-	8,439,897
Deferred tax liabilities	12.3	226,428,221	209,323,236	-	-
Retirement benefit obligation	26	43,701,647	35,409,733	4,112,319	2,947,100
		2,102,301,620	1,283,751,212	4,112,319	11,386,997
Current liabilities					
Interest bearing loans and borrowings	19	958,709,119	1,736,858,611	327,437,321	307,095,749
Trade and other payables	25	965,903,726	405,646,091	641,458,649	268,940,125
Other current non-financial liabilities	27	148,086,135	87,838,764	51,026,266	52,953,189
		2,072,698,980	2,230,343,466	1,019,922,236	628,989,063
Total equity and liabilities		5,408,977,342	5,659,464,380	2,091,180,194	1,795,184,606

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Ravindra Dissanayake - Head of Finance

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



Mohan Pandithage - Chairman



Rohan Karr - Managing Director

The Accounting Policies and notes on pages 114 through 165 form an integral part of these Financial Statements.

08 May 2023
Colombo

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to owners of the parent				Total	Non controlling interest	Total equity
	Stated capital	Revaluation reserve	Fair value reserve of financial assets at FVOCI	Retained earnings			
	Note 23 Rs.	Note 24.1 Rs.	Note 24.2 Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2021	909,370,708	423,793,731	71,980,800	1,469,067,044	2,874,212,282	25,491,385	2,899,703,667
Loss for the year	-	-	-	(826,367,916)	(826,367,916)	(72,172,546)	(898,540,462)
Gain /([Loss]) on fair value through OCI financial assets	-	-	111,559,382	-	111,559,382	-	111,559,382
Acturial Gain/([Loss])	-	-	-	(338,043)	(338,043)	(109,275)	(447,318)
Surplus on Revaluation of Freehold Land		105,664,000	-	-	105,664,000	-	105,664,000
Deffered Tax impact		(66,551,278)	-	(18,290)	(66,569,568)	-	(66,569,568)
Disposal of Lake Lodge		-	-	-	-	(6,000,000)	(6,000,000)
Transfers		-	(183,540,182)	183,540,182	-	-	-
Balance as at 31 March 2022	909,370,708	462,906,453	-	825,882,977	2,198,160,137	(52,790,436)	2,145,369,702
Loss for the year	-	-	-	(741,165,202)	(741,165,202)	(83,265,332)	(824,430,534)
Acturial Gain/([Loss])	-	-	-	(1,401,142)	(1,401,142)	(91,851)	(1,492,994)
Deffered Tax impact	-	-	-	420,343	420,343	27,555	447,898
Effect of Income Tax rate change on revaluation reserve	-	(85,917,331)	-	-	(85,917,331)	-	(85,917,331)
Balance as at 31 March 2023	909,370,708	376,989,122	-	83,736,975	1,370,096,804	(136,120,063)	1,233,976,741

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

The Accounting Policies and notes on pages 114 through 165 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Company	Stated capital Rs.	Fair value reserve of financial assets at FVOCI Rs.	Retained earnings Rs.	Total equity Rs.
Balance as at 01 April 2021	909,370,708	71,980,800	[73,371,666]	907,979,842
Profit/(Loss) for the year	-	-	135,225,089	135,225,089
Profit/(Loss) on fair value through OCI financial assets	-	111,559,382	-	111,559,382
Acturial Gain/(Loss)	-	-	44,233	44,233
Transfers	-	[183,540,182]	183,540,182	-
Balance as at 31 March 2022	909,370,708	-	245,437,838	1,154,808,546
Loss for the year	-	-	[88,223,758]	[88,223,758]
Acturial Gain/(Loss)	-	-	560,853	560,853
Balance as at 31 March 2023	909,370,708	-	157,774,933	1,067,145,641

The Accounting Policies and notes on pages 114 through 165 form an integral part of these Financial Statements.

CASH FLOW STATEMENT

		Group		Company	
Year ended 31 March	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash flows from/(used in) operating activities					
Profit/(Loss) before tax		(892,029,214)	(892,717,064)	(88,223,758)	136,551,796
Adjustment for					
Depreciation	15	335,238,560	176,795,265	10,609,003	9,513,134
Provision for defined benefit obligation	26	11,095,211	7,529,795	2,220,222	777,242
Amortization of right of use assets	16.2	14,135,123	8,748,366	-	-
Impairment of investment in subsidiary		-	-	32,021,455	91,411,934
(Gain)/Loss on disposal of property, plant and equipment	9	-	8,594,185	-	-
Dividend income	8	(320)	(13,562,080)	(320)	(293,362,360)
Finance income	10.2	(73,720,603)	(86,474,601)	(38,585,847)	(35,908,331)
Finance cost	10.1	521,920,883	356,587,352	79,207,440	22,404,442
Foreign exchange Gain/(Loss)		(37,962,679)	(169,328,106)	9,957,141	15,650,448
(Gain) /Loss on financial assets at FVTPL		(855,232)	(118,796)	(855,232)	(118,796)
Impairment/(reversal) of trade and other receivables		(2,238,907)	(6,252,725)	-	2,392,926
Gain on disposal of subsidiary		-	(6,592,800)	-	(6,592,800)
Impairment of Goodwill		-	137,863,688	-	-
Exchange (gain)/loss impact on borrowings		(79,654,520)	233,051,778	-	-
Operating Profit/(Loss) before working capital changes		(204,071,694)	(245,875,744)	6,350,103	(57,280,365)
(Increase)/decrease in inventories		(44,047,014)	(31,284,254)	-	-
(Increase)/decrease in trade and other receivables		(104,921,962)	(171,868,297)	(386,878,732)	(87,733,484)
(Increase)/decrease in advance and prepayment		6,350,314	(26,188,340)	10,741,332	(1,108,657)
Increase/(decrease) in trade and other payables		560,257,635	119,824,041	372,518,525	(562,507,714)
Increase/(decrease) in other current non financial liabilities		60,247,371	(4,774,592)	(1,926,923)	(13,357,181)
Cash generated from/(used in) operations		273,814,650	(360,167,185)	804,305	(721,987,402)
Finance cost paid		(442,266,363)	(123,535,574)	(79,207,440)	(22,404,442)
Defined benefit obligation paid	26	(4,296,291)	(19,243,617)	(494,150)	(5,194,460)
Tax paid		(755,520)	(1,322,623)	(383)	425,457
Net Cash from /(used in) operating activities		(173,503,524)	(504,269,000)	(78,897,668)	(749,160,847)

CASH FLOW STATEMENT

CASH FLOW STATEMENT (CONTD.)

		Group		Company	
	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment	15	[97,887,499]	[273,365,970]	[1,585,682]	[12,284,757]
Finance income received		32,028,762	22,750,929	28,628,706	20,257,883
Dividend received		320	13,562,080	320	293,362,360
Proceeds from disposal of property, plant and equipment		-	7,563,292	-	-
Proceeds from disposal of FVTPL investments		-	245,610,581	-	245,610,581
Proceeds from disposal of subsidiary		-	30,592,800	-	30,592,800
Net cash from/(used in) investing activities		[65,858,418]	46,713,713	27,043,344	577,538,867
Cash flows from/ (used in) financing activities					
Proceeds from interest bearing loans and borrowings	19	302,136,562	309,422,063	-	-
Repayment of interest bearing loans and borrowings	19	[156,048,560]	[18,961,030]	[15,381,295]	[14,975,847]
Principal payment under finance lease liabilities	19	[5,134,107]	[5,115,695]	-	-
Net cash from/(used in) financing activities		140,953,894	285,345,338	[15,381,295]	[14,975,847]
Net increase/(decrease) in cash and cash equivalents		[98,408,048]	[172,209,949]	[67,235,619]	[186,597,827]
Cash and cash equivalents at the beginning of the year		[294,767,947]	[122,557,998]	[217,033,989]	[30,436,162]
Cash and cash equivalents at the end of the year	22	[393,175,995]	[294,767,947]	[284,269,608]	[217,033,989]

The Accounting Policies and notes on pages 114 through 165 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

Hayleys 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.

With effect from 21 June 2021, the name of the Company was changed from Amaya Leisure PLC to Hayleys Leisure PLC.

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2023 comprise "the Company" referring to Hayleys 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. Hayleys 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 (Pvt) Ltd, Kandyan Resorts (Pvt) Ltd and Sun Tan Beach Resorts Ltd.
The principal activities were provision of food, beverage, lodging and other hospitality industry related activities.
- C. Hayleys Hotel Management Services (Pvt) Ltd.
The principal activity was providing hotel management related services.
- D. Connaissance Air Travels (Pvt) Ltd, CDC Conventions (Pvt) Ltd.
Currently these Companies remain as dormant.

1.4 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.

1.5 Approval of Financial Statements

The Consolidated Financial Statements of Hayleys Leisure PLC and its subsidiaries [collectively, the Group] for the year ended 31 March 2023 were authorised for issue by the Directors on 08 May 2023.

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. 07 of 2007.

2.2 Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for

- Lands which are recognised 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 Lankan 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.

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 17 to the Financial Statements. Investment subsidiaries are carried at cost less impairments (refer Note 17) 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 derecognises the related assets (including goodwill), liabilities, Non-Controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

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 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 recognised in Statement of Profit or Loss.

Any contingent consideration to be transferred by the acquirer will be recognised 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 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss in accordance with SLFRS. Other contingent consideration that is not within the scope of SLFRS is measured at fair value at each reporting date with changes in fair value recognised 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 recognised 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 recognised 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 recognised 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 Lankan 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.

NOTES TO THE FINANCIAL STATEMENTS

Foreign currency differences arising on retranslation are recognised in the Statement of Profit or Loss other than for cash flow hedges described in Note 4.8.4. 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 the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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 (OCI) 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 summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 15, 16 & 18
- Quantitative disclosures of fair value measurement hierarchy Note 15
- Property (land) under revaluation model Note 15
- Financial instruments (including those carried at amortised cost) Note 18

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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.

4 STATEMENT OF PROFIT OR LOSS AND STATEMENT OF FINANCIAL POSITION

4.1 Statement of Profit or Loss Income and Gains

4.1.1 Revenue from Contracts with Customers

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

Hayleys 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 recognised based on the terms in the related contracts and is recognised as the services are performed.

Room Revenue

Room revenue is recognised on rooms occupied on daily basis.

Sale of Food and Beverages

Revenue from sale of food and beverages is recognised 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 recognised as the services are performed.

4.1.2 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 recognised 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 recognised based on the ineffective portion of the cash flow hedge.

4.1.3 Dividend Income

Dividend income is recognised 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.

4.1.4 Rental income

Rental income is recognised in Statement Profit or Loss as it accrues.

4.1.5 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 recognised net within "other income" in Profit or Loss.

4.1.6 Other Income

Other income is recognised on an accrual basis.

4.2 Expenses

Expenses are recognised 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.

4.3 Borrowing costs

Borrowing costs are recognised 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 capitalised as part of the cost of that asset.

4.4 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.

4.5 Tax expense

Tax expense comprises current income tax, dividend tax and deferred tax. Current tax and deferred tax are recognised in Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised 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 recognised directly in Other Comprehensive Income is recognised 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 recognised 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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.

NOTES TO THE FINANCIAL STATEMENTS

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised 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 recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised 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 recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

Sales tax

Revenues, expenses and assets are recognised 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 recognised 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.

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

Items of Property, Plant & Equipment measured at cost net of accumulated depreciation and accumulated impairment losses, if any, except for land which is measured at fair value. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

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 capitalised 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 recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised 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 recognised 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 derecognised in accordance with the derecognition policy given below.

Costs of the repair & maintenance of Property, Plant and Equipment are recognised in Statement of Profit or Loss as incurred.

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

Asset class	Period
Freehold buildings	50 years
Buildings - Bathroom	15 years
Buildings - Furniture & Fittings	12.5 years
Building on leasehold land	over the lease period
Sports Center	15 years
Seawall -trap bag barrier	03 years
Road network	20 years
Furniture and fittings	10 years
Plant and machinery	15 years
Air conditioners	15 years
Kitchen equipment	15 years
Office equipment	15 years
Computer equipment	05 years
Circulating Assets - Short term	03 years
Circulating Assets - Long term	10 years
Fixtures and fittings	15 years
Sign Board	05 years
Electronic Equipment	05 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 derecognised. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

4.6.1 Leased assets

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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

i) Right-of-use assets

The Group recognises 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 recognised, 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.

Land rights – 40 – 50 Years

Motor vehicles – 5 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. 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 recognised 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.

4.7 Intangible assets

4.7.1 Basis of Recognition

An Intangible asset is recognised 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.

4.7.2 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 amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

4.7.3 Useful economic lives and Amortisation

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

Intangible assets with definite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a definite 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with definite lives is recognised 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 amortised, 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.

4.7.4 De-recognition of Intangible Assets

Intangible assets are de-recognised 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 recognised in the Statement of Profit or Loss when the asset is derecognised.

4.7.5 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 recognises 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.

4.7.6 Subsequent Expenditure

Subsequent expenditure is capitalised 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 recognised in the Statement of Profit or Loss as incurred.

4.7.7 Amortisation

Amortisation is recognised 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.

4.8 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.

4.8.1 Financial assets

4.8.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. 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.

In order for a financial asset to be classified and measured at amortised 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.

All financial assets are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

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 recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4.8.1.2 Subsequent measurement

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

- Financial Assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses [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 amortised cost [debt instruments]

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

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

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

The Group's financial assets at amortised cost includes trade 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 recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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 recognised in finance income or finance costs in the Statement of Profit or Loss.

4.8.1.3 Derecognition

A financial asset [or, where applicable, a part of a financial asset or part of a group of similar financial assets] is derecognised 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 recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises 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.

4.8.1.4 Impairment of financial assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating Expected credit Loss (ECL)s. Therefore, the Group does not track changes in credit risk, but instead recognises 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.

4.8.2 Financial Liabilities

4.8.2.1 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 recognised 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.

4.8.2.2 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 amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

4.8.2.3 Derecognition

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

4.8.3 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 recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

4.8.4 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 15.

4.9 Inventories

Inventories are valued at the lower of cost and net realisable 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 realisable 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.

4.10 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.

4.11 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 Cash Generating Unit [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 recognised 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 recognised 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 recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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 recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.12 Employee Benefits

4.12.1 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 recognised 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.

4.12.2 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 26. 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 recognised in full in Other Comprehensive Income.

4.12.3 Short term benefits

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

4.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the 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 recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

4.14 Related Party Transactions

Terms and conditions of transactions with related parties

The Group carried out transactions in the ordinary course of business with related entities. Governance structure, nature of the entity's relationships, principal place of business have been disclosed in the corporate governance section and Group directory.

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the company as per 31 March 2023 audited Financial Statements, which required additional disclosures in the 2022/2023 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2023 other than disclosed in note 30.2.2 to the consolidated financial Statements, which required additional disclosures in the 2022/2023 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

4.15 Ordinary Shares

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

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 recognised 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 recognised in the Financial Statements is included in the following notes.

Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects from the current economic crisis, the circumstances of the external environment, and the consequences of the COVID-19 pandemic on significant assumptions that are sensitive or susceptible to change, or are inconsistent with historical trends. As the economic effects continue to evolve, the management has considered a range of scenarios to determine the potential impact on the underlying performance and future funding requirements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

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 Discounted Cash Flow (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 goodwill recognised by the Group.

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 26. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Revaluation of Land

The Group measures lands which are recognised as Property, Plant & Equipment at revalued amount with change in value being recognised 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 to the Consolidated Financial Statements.

Provision for Expected Credit Losses (ECL) 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 analysed. The Group has considered the current decline in the tourism industry due to the impact of current economic uncertainty and 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. Adoption of these amendments and interpretations will not have significant impact on the Consolidated Financial Statements of the Group.

Amendments to LKAS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

NOTES TO THE FINANCIAL STATEMENTS

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

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the Financial Statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to LKAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to LKAS 1 - Classification of Liabilities as Current or Non-current

Amendments to LKAS 1 - Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify –

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

7 REVENUE

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue from contracts with customers (Note 7.1)	1,549,507,356	791,615,371	291,454,320	125,098,803
Turnover tax	[4,485,221]	[7,235,026]	-	-
Tourism development levy	[13,357,637]	[7,118,103]	-	-
	1,531,664,498	777,262,242	291,454,320	125,098,803

7.1 Revenue from contracts with customers

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue recognised over a period of time	1,060,791,359	518,886,547	291,454,320	125,098,803
Revenue recognised at a point in time	488,715,997	272,728,824	-	-
	1,549,507,356	791,615,371	291,454,320	125,098,803

Contract liabilities and its movement is disclosed in Note 27.1 to the Financial Statements.

8 OTHER INCOME AND GAINS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sundry income	26,246,538	14,535,566	486,154	2,441,741
Dividend income	320	13,562,080	320	293,362,360
Gain on disposal of subsidiary	-	6,592,800	-	6,592,800
Rent income	122,869	564,769	-	-
	26,369,727	35,255,215	486,474	302,396,901

NOTES TO THE FINANCIAL STATEMENTS

9 IMPAIRMENT OF INVESTMENT IN SUBSIDIARY

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
On Sun Tan Beach Resorts Ltd	-	-	32,021,455	91,411,934
	-	-	32,021,455	91,411,934

Hayleys Leisure PLC recorded an impairment of Rs. 32,021,455/- (2022 - 91,411,934/-) 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 Ltd up to 31 March 2023 based on the discounted cash flow model.

10 FINANCE COST AND INCOME

10.1 Finance Cost

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest expenses on bank overdrafts	119,626,028	37,717,150	75,590,706	18,551,607
Interest expenses on lease liabilities	5,196,663	5,012,943	-	-
Exchange loss	79,654,520	233,051,778	-	-
Interest expenses on bank loans	317,443,672	80,805,481	3,616,734	3,852,835
	521,920,883	356,587,352	79,207,440	22,404,442

10.2 Finance Income

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest income	32,028,762	22,750,929	28,628,706	20,257,883
Gain on investments at fair value through profit or loss	855,232	118,796	855,232	118,796
Exchange gains	41,691,841	63,723,672	9,957,141	15,650,448
	74,575,835	86,593,397	39,441,079	36,027,127

11 PROFIT/[LOSS] BEFORE TAX

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Stated after charging				
Employees benefits including the following	273,428,351	298,775,827	149,280,151	155,207,432
- Defined benefit plan costs - gratuity (included in employee benefits)	11,095,211	7,749,785	2,220,222	1,340,279
- Defined contribution plan costs - EPF and ETF (included in employee benefits)	14,049,935	20,547,573	2,946,057	8,794,736
Depreciation and amortisation	349,373,686	185,580,849	10,609,003	9,513,134
Directors' emoluments	5,596,268	5,598,000	5,596,268	5,598,000
Service fees	28,671,988	15,440,231	17,890,455	15,366,766
Auditor's remuneration	2,392,222	2,890,481	400,500	592,504
Professional fees	4,492,880	10,853,579	698,254	2,013,028
Advertising expenses	8,035,045	3,881,001	661,019	237,914
Sales promotional expenses	5,802,991	4,194,750	636,752	-

12 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March are as follows :

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Income Statement				
Current income tax				
Current income tax charge (Note 12.1)	754,409	127,271	-	-
Under/(over) provision of current taxes in respect of prior years	-	(4,213,476)	-	-
Irrecoverable ESC written off	-	6,609,949	-	1,326,707
	754,409	2,523,744	-	1,326,707
Deferred income tax				
Deferred taxation charge/(reversal) (Note 12.3)	(145,546,727)	3,299,654	-	-
Charge due to change in tax rate	77,193,639	-	-	-
	(68,353,088)	3,299,654	-	-
Net Income Tax charge to Statement of Profit or Loss	(67,598,679)	5,823,398	-	1,326,707

NOTES TO THE FINANCIAL STATEMENTS

12.1 A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Accounting profit before income tax	(892,029,214)	(892,717,064)	(88,223,758)	136,551,796
Console adjustment	(45,161,029)	316,682,465	-	-
Disallowed items	301,763,233	252,113,347	44,770,834	104,397,893
Allowed items	(126,346,052)	(145,460,151)	(3,050,338)	(4,334,235)
Interest income	(29,638,796)	(19,775,867)	(28,628,706)	(20,257,883)
Dividend income	(320)	(293,362,360)	(320)	(293,362,360)
Gain on disposal of subsidiary	-	(6,592,800)	-	(6,592,800)
Other income	-	(2,441,741)	-	(2,441,741)
None taxable income	-	(118,796)	-	(118,796)
Exempt due to BOI tax holiday	501,129,135	417,895,925	-	-
Taxable profit from business	2,558,056	-	-	-
Taxable profit/[loss] from business	(292,841,099)	(373,777,042)	(75,132,288)	(86,158,126)
Other sources of income				
Interest income	29,169,476	5,055,996	28,338,873	4,525,700
Dividend income	320	279,800,760	320	279,800,760
Gain on realisation of investment	-	6,592,800	-	6,592,800
Taxable other income	29,169,796	291,449,556	28,339,193	290,919,260
Total statutory income	31,727,532	(82,327,486)	28,339,193	204,761,134
Tax losses brought forward and utilised	(28,897,038)	(290,919,260)	(28,339,193)	(290,919,260)
Total taxable income	2,830,494	(373,246,746)	-	(86,158,126)
Income tax @ 24% on taxable profits	306,967	-	-	-
Income tax @ 30% on taxable profits	383,708	-	-	-
Income tax @ 24% interest income	63,734	127,271	-	-
Current income tax charge	754,409	127,271	-	-

12.2 Tax losses

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Tax losses brought forward	1,073,993,630	576,677,430	447,688,927	557,780,119
Tax losses utilized during the year	(28,897,038)	(290,919,260)	(28,339,193)	(290,919,260)
Adjustment for tax losses b/f	9,002,597	414,458,418	2,556,775	94,669,942
Loss incurred during the year	292,841,099	373,777,042	75,132,288	86,158,126
Tax losses carried forward	1,346,940,288	1,073,993,630	497,038,797	447,688,927

12 INCOME TAX EXPENSE [Contd.]

12.3 Deferred taxation - group

	Statement of Financial Position		Statement of profit or Loss	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax liability				
Accelerated depreciation on property, plant and equipment	289,228,613	138,153,513	151,075,099	4,647,503
Revaluation surplus on land	159,894,995	74,617,664	-	-
Directly charged to equity	179,200	179,200	-	-
Revaluation of land	1,200,000	560,000	-	-
Lease liability	[3,478]	137,287	[140,765]	137,286
	450,499,330	213,647,664	150,934,335	4,784,789
Deferred tax assets				
Retirement benefit obligation - through Statement of Profit or Loss	[8,818,140]	[3,093,201]	[5,603,954]	[1,431,039]
Retirement benefit obligation - through Other Comprehensive Income	[963,542]	[625,268]	-	-
Trade and other receivables	[737,642]	[605,958]	[131,684]	[54,096]
Carried forward tax losses	[213,551,785]	-	[213,551,785]	-
	[224,071,109]	[4,324,427]	[219,287,423]	[1,485,135]
Deferred taxation charge			[68,353,088]	3,299,654
Net deferred tax liability	226,428,221	209,323,237		

12.3.1 Reconciliation of deferred tax charge

Deferred tax charge reported in the profit or loss		[68,353,088]	3,299,654
Deferred tax charge reported in Other Comprehensive Income		85,368,972	[18,290]
		17,015,884	3,281,364

12.3.2 Hayleys Leisure PLC

The company has a carried forward tax loss amounting to Rs. 497,038,797/- [2022 - 447,688,927/-] that is available for six years to offset against future statutory income of the company. A deferred tax asset amounting to Rs.149,111,639/- [2022 - 125,352,899/-] has not been recognized in respect of this tax loss and other temporary differences which has resulted deferred tax assets as it is anticipated that the deferred tax asset will not realize in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

13 EARNINGS/[LOSS] PER SHARE

13.1 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 loss per share computations.

13.1.1 Amount used as the numerator:

	Statement of Financial Position		Statement of profit or Loss	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Loss for the year	(824,430,534)	(898,540,462)	(88,223,758)	135,225,089
Loss attributable to non-controlling Interest	(83,265,332)	(72,172,546)	-	-
Loss attributable to ordinary shareholders of parent company for basic/diluted earnings per share	(741,165,202)	(826,367,916)	(88,223,758)	135,225,089

13.1.2 Number of ordinary shares used as the denominator

Weighted average number of ordinary shares in issue applicable to Basic Earnings or Loss per share	107,989,958	107,989,958	107,989,958	107,989,958
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14 FAIR VALUE MEASUREMENT

14.1 The following table provides the fair value measurement hierarchy of the group's assets.

Fair value measurement hierarchy for assets as at 31 March 2023:

Fair value measurement using					
	Date of valuation	Total Rs. '000	Quoted prices in active markets [Level 1] Rs. '000	Significant observable inputs [Level 2] Rs. '000	Significant unobservable inputs [Level 3] Rs. '000
Assets measured at fair value:					
Non-financial assets					
Land [Note 15]	31 March 2022	901,564,000	-	-	901,564,000
Non-financial assets as at 31 March 2023		901,564,000	-	-	901,564,000
Fair value measurement hierarchy for assets as at 31 March 2022:					
Assets measured at fair value:					
Non-financial assets					
Land [Note 15]	31 March 2022	901,564,000	-	-	901,564,000
Non-financial assets as at 31 March 2022		901,564,000	-	-	901,564,000
Financial assets					
As at 31 March 2023					
Fair value through profit or loss [Note 18]					
Quoted investment in equity securities	31 March 2023	1,990,450	1,990,450	-	-
Total fair value through profit or loss financial assets		1,990,450	1,990,450	-	-
Total financial assets		1,990,450	1,990,450	-	-
As at 31 March 2022					
Fair value through profit or loss [Note 18]					
Quoted investment in equity securities	31 March 2022	1,135,218	1,135,218	-	-
Total fair value through profit or loss financial assets		1,135,218	1,135,218	-	-
Total financial assets		1,135,218	1,135,218	-	-

NOTES TO THE FINANCIAL STATEMENTS

14.2 The following table provides the fair value measurement hierarchy of the company's assets.

Fair value measurement hierarchy for assets as at 31 March 2023 and 2022:

Fair value measurement using					
	Date of valuation	Total	Quoted prices in active markets [Level 1] Rs. '000	Significant observable inputs [Level 2] Rs. '000	Significant unobservable inputs [Level 3] Rs. '000
Assets measured at fair value:					
As at 31 March 2023					
Financial assets					
Fair value through profit or loss (Note 18)					
Quoted investment in equity securities (31 March 2023)	1,990,450	1,990,450	-	-	
Total fair value through profit or loss financial assets	1,990,450	1,990,450	-	-	
Total financial assets	1,990,450	1,990,450	-	-	
As at 31 March 2022					
Financial assets					
Fair Value through profit or loss (Note 18)					
Quoted investment in equity securities (31 March 2022)	1,135,218	1,135,218	-	-	
Total Fair Value through profit or loss financial assets	1,135,218	1,135,218	-	-	
Total financial assets	1,135,218	1,135,218	-	-	

14.3 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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial assets				
Other financial assets				
- Fair Value through profit or loss investments	649,378	649,378	1,990,450	1,135,218
Total	649,378	649,378	1,990,450	1,135,218

- 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.

15 PROPERTY, PLANT AND EQUIPMENT

15.1 Group

	Balance As at 01.04.2022	Additions	Transfers	Disposals	Balance As at 31.03.2023
Gross carrying amounts Rs.					
At Cost or Valuation					
Freehold land	901,564,000	-	-	-	901,564,000
Freehold buildings	926,838,960	45,883,969	53,332,918	-	1,026,055,847
Buildings - Bathroom	-	-	6,371,637	-	6,371,637
Buildings - Furniture & Fittings	-	-	608,569	-	608,569
Building on leasehold land	2,857,511,240	-	2,013,000	-	2,859,524,240
Sports Center	-	-	8,239,513	-	8,239,513
Seawall -trap bag barrier	1,659,815	1,837,855	-	-	3,497,670
Road network	32,498,582	-	-	-	32,498,582
Furniture and fittings	449,074,781	21,366,814	(81,996,730)	-	388,444,866
Plant and machinery	360,741,758	26,745,762	(11,945,626)	-	375,541,894
Air conditioners	168,942,857	1,398,556	(170,341,413)	-	-
Kitchen equipment	161,581,340	5,899,408	(20,114,065)	-	147,366,682
Office equipment	7,403,317	675,000	(330,694)	-	7,747,623
Computer equipment	90,365,275	39,447,920	20,043,573	(2,853,895)	147,002,873
Circulating Assets - Short term	76,178,194	10,016,159	51,031,044	-	137,225,397
Circulating Assets - Long term	-	-	17,541,987	-	17,541,987
Fixtures and fittings	96,078,820	-	-	-	96,078,820
Sign Board	-	-	2,181,902	-	2,181,902
Electronic Equipment	-	2,024,548	122,878,377	-	124,902,924
Motor vehicles	77,470,195	110,960	486,009	-	78,067,164
	6,207,909,134	155,406,950	-	(2,853,895)	6,360,462,191
Building work in progress	70,505,392	-	(57,519,451)	-	12,985,941
	70,505,392	-	(57,519,451)	-	12,985,941
Total gross carrying amount	6,278,414,526	155,406,950	(57,519,451)	(2,853,895)	6,373,448,132

NOTES TO THE FINANCIAL STATEMENTS

	Balance As at 01.04.2022	Charge for the period	Transfers	Disposals	Balance As at 31.03.2023
Depreciation Rs.					
Freehold buildings	174,122,986	57,042,758	(7,426,577)	-	223,739,168
Buildings - Bathroom		2,913,400	3,455,791	-	6,369,191
Buildings - Furniture & Fittings		1,260	186,383	-	187,643
Building on leasehold land	522,100,239	67,384,817	259,138	-	589,744,193
Sports Center		1,406,679	5,161,269	-	6,567,948
Seawall -TrapBag Barrier	167,841	660,320	-	-	828,161
Road network	12,934,764	167,952	-	-	13,102,716
Furniture and fittings	234,952,791	77,268,882	(51,820,169)	-	260,401,504
Plant and machinery	218,337,318	50,757,264	(24,049,477)	-	245,045,105
Air conditioners	76,656,432	22,934,571	(99,591,004)	-	-
Kitchen equipment	102,699,520	14,681,718	(13,180,483)	-	104,200,754
Office equipment	6,850,978	498,570	(64,800)	-	7,284,747
Computer equipment	76,797,625	9,697,501	13,368,425	(2,853,895)	97,009,656
Circulating Assets - Short term	57,368,163	16,674,384	41,965,518	-	116,008,065
Circulating Assets - Long term		409,583	11,452,954	-	11,862,537
Fixtures and fittings	53,845,403	-	(357,678)	-	53,487,725
Sign Board		250,986	1,925,704	-	2,176,690
Electronic Equipment		4,270,163	119,725,797	-	123,995,960
Motor vehicles	57,556,915	8,217,752	(1,010,791)	-	64,763,876
Total depreciation	1,594,390,975	335,238,560	-	(2,853,895)	1,926,775,642

15 PROPERTY, PLANT AND EQUIPMENT [Contd.]

	2023 Rs.	2022 Rs.
Net book value		
At cost or valuation		
Freehold land	901,564,000	901,564,000
Freehold buildings	802,316,679	752,715,974
Buildings - Bathroom	2,447	-
Buildings - Furniture & Fittings	420,926	-
Building on leasehold land	2,269,780,047	2,335,411,001
Sports Center	1,671,565	-
Seawall - trap bag barrier	2,669,509	1,491,974
Road network	19,395,866	19,563,818
Furniture and fittings	128,043,362	214,121,990
Plant and machinery	130,496,788	142,404,440
Air conditioners	-	92,286,425
Kitchen equipment	43,165,928	58,881,820
Office equipment	462,876	552,339
Computer equipment	49,993,217	13,567,650
Circulating Assets - Short term	21,217,332	18,810,031
Circulating Assets - Long term	5,679,450	-
Fixtures and fittings	42,591,095	42,233,417
Sign Board	5,212	-
Electronic Equipment	906,964	-
Motor vehicles	13,303,288	19,913,280
	4,433,686,548	4,613,518,159
In the course of construction		
Building work in progress	12,985,941	70,505,392
	12,985,941	70,505,392
Total carrying amount of property, plant and equipment	4,446,672,489	4,684,023,551

15.1.1 During the financial year, the group acquired & transferred property, plant and equipment to the aggregate value of Rs. 155,406,950/- (2022 - Rs. 273,365,970/-) including cost incurred on capital work in progress of which Rs. Nil (2022 Rs. 69,080,932/-). Cash payments amounted to Rs. 97,887,499/- (2022 - Rs. 273,365,970/-) were made during the year for purchase of property, plant and equipment.

15.1.2 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 (Pvt) Ltd	Dambulla	Freehold	0.406 Hectares	-
	Dambulla	Leasehold	8.094 Hectares	105
Kandyan Resorts (Pvt) Ltd	Kandy	Freehold	4.82 Hectares	10
Sun Tan Beach Resorts Ltd	Passikudah	Leasehold	3.9 Hectares	7

NOTES TO THE FINANCIAL STATEMENTS

15.1.3 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 2022. The 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 recorded the carrying value of the land approximate the fair value as at 31 March 2023.

Fair value measurement disclosures for revalued lands are provided in note 14.

Significant unobservable valuation

Price per perch	Range
- Kandyan Resorts (Pvt) Ltd	Rs.250,000/- to Rs.750,000/-
- Culture Club Resorts (Pvt) Ltd	Rs. 40,000/-
- Sun Tan Beach Resorts Ltd	Rs. 110,000/-

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

15.1.4 Property, plant and equipment recognized above include fully depreciated assets having a gross carrying amount of Rs. 409,325,313/- (2022- Rs. 152,187,238/-).

15.1.5 Impact of Reclassification

The Group had carried out an asset reclassification and change in depreciation rates to standardise with industry's practice during the year. As a result of the standardisation process carried out on depreciation rates and asset classifications in the Group, an additional depreciation impact of Rs. 122,311,138/- for the financial year recongnized in the financial statements.

15 PROPERTY, PLANT AND EQUIPMENT (Cont.)

15.2 Company

	Balance As at 01.04.2022 Rs.	Additions Rs.	Transfers Rs.	Disposal	Balance As at 31.03.2023 Rs.
At Cost					
Motor vehicles	33,556,800	-	-	-	33,556,800
Furniture and fittings	14,905,166	-	(2,459,855)	-	12,445,311
Circulating Assets - Short Term	-	-	948,782	-	948,782
Circulating Assets - Long Term	-	-	1,075,550	-	1,075,550
Electronic equipment	-	-	357,381	-	357,381
Office equipment	8,716,346	-	(1,589,753)	-	7,126,593
Computer equipment	17,205,304	1,585,682	1,667,895	(2,853,895)	17,604,986
Total gross carrying amount	74,383,616	1,585,682	-	(2,853,895)	73,115,403

	Balance As at 01.04.2022 Rs.	Additions Rs.	Transfers Rs.	Disposal	Balance As at 31.03.2023 Rs.
Depreciation					
Motor vehicles	13,643,520	6,711,360	-	-	20,354,880
Furniture and fittings	5,118,595	918,429	(357,678)	-	5,679,346
Circulating Assets - Short Term	-	730,995	1,674	-	732,669
Circulating Assets - Long Term	-	68,559	417,715	-	486,274
Electronic Equipment	-	145,628	-	-	145,628
Office equipment	5,369,158	417,715	152,756	-	5,939,629
Computer equipment	15,079,208	1,616,317	(214,467)	(2,853,895)	13,627,163
Total depreciation	39,210,481	10,609,003	-	(2,853,895)	46,965,588

	2023 Rs.	2022 Rs.
Net book value		
Motor vehicles	13,201,920	19,913,280
Furniture and fittings	6,765,964	9,786,571
Circulating Assets - Short Term	216,113	-
Circulating Assets - Long Term	589,276	-
Electronic equipment	211,753	-
Office equipment	1,186,964	3,347,188
Computer equipment	3,977,823	2,126,096
Total carrying amount of Property, Plant and Equipment	26,149,814	35,173,135

NOTES TO THE FINANCIAL STATEMENTS

15.2.1 During the financial year, the company acquired property, plant and equipment to the aggregate value of Rs.1,585,682/- [2022 - Rs. 12,284,757/-]. Cash payments amounted to Rs.1,585,682/- [2022 - Rs. 12,284,757/-] were made during the year for purchase of property, plant and equipment.

15.2.2 Property, plant and equipment recognised above include fully depreciated assets having a gross carrying amount of Rs. 5,463,458/- [2022 - Rs.12,051,948/-].

15.2.3 The Company had carried out an asset reclassification and change in depreciation rates to standardise with industry's practice during the year. As a result of the standardisation process carried out on depreciation rates and asset classifications in the Company, an additional depreciation impact of Rs. 578,970/- for the financial year recognized in the financial statements.

16 RIGHT OF USE ASSETS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Leasehold lands	22,224,455	32,127,017	-	-
Leasehold motor vehicles	3,806,930	5,270,000	-	-
Leasehold office equipment (CCTV)	6,268,114	9,037,602	-	-
	32,299,499	46,434,619	-	-

16.1 Nature of the leasehold properties

	Lessor	Lease Term	Annual Rental 2023 Rs.	Annual Rental 2022 Rs.
Lands	SLTDA/BOI/ Mr. N Senarathne	1992 - 2042	5,139,600	5,139,600
Motor vehicles	HNB	2020 - 2022	551,820	551,820
Office equipment- CCTV	Singer Finance (Lanka) PLC	2020 - 2025	3,876,840	3,876,840

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 01 April	46,434,623	27,695,766	-	-
Additions during the year	-	27,487,219	-	-
Amortization expenses	[14,135,123]	[8,748,366]	-	-
As at 31 March	32,299,500	46,434,619		
	Lands	Motor Vehicle	CCTV	Total
As at 01 April 2022	32,127,020	5,270,000	9,037,603	46,434,623
Amotization expenses	[9,902,565]	[1,463,070]	[2,769,488]	[14,135,123]
As at 31 March 2023	22,224,455	3,806,930	6,268,114	32,299,500

16 RIGHT OF USE ASSETS [Contd.]

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Amortisation expense of right-of-use assets	14,135,125	8,748,366	-	-
Interest expense on lease liabilities	5,202,968	5,012,943	-	-
Total amount recognised in profit or loss	19,338,093	13,761,309	-	-

17 INVESTMENT IN SUBSIDIARIES

17.1 Non-quoted investment in subsidiaries

	Holding		Carrying Amount	
Company	2023 %	2022 %	2023 Rs.	2022 Rs.
Kandyan Resorts [Pvt] Ltd	100%	100%	323,612,971	323,612,971
Culture Club Resorts [Pvt] Ltd	100%	100%	392,749,255	392,749,255
Sun Tan Beach Resorts Ltd [Note 17.1.1]	82.44%	82.44%	521,156,950	553,178,404
Total non-quoted investment in subsidiaries			1,237,519,176	1,269,540,630

17.1.1 Accumulated impairment on investment of Sun Tan Beach Resorts Ltd.

	2023 Rs.	2022 Rs.
Balance as at 01 April	415,512,267	324,100,334
Impairment charge for the year	32,021,455	91,411,934
Balance as at 31 March	447,533,722	415,512,268
Carrying amount of investment in Sun Tan Beach Resorts Ltd	521,156,950	553,178,404

17.2 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	2023	2022
Sun Tan Beach Resorts Ltd	Sri Lanka	17.56%	17.56%

Accumulated balances of material non-controlling interest

Company Name	2023 Rs.	2023 Rs.
Sun Tan Beach Resorts Ltd	48,804,842	(52,790,436)
	48,804,842	(52,790,436)

NOTES TO THE FINANCIAL STATEMENTS

17.2.1 The Summarised financial information of the Sun Tan Beach Resorts Ltd are provided below

	2023 Rs.	2022 Rs.
Summarized Statement of Financial Position		
Current assets	108,624,833	230,597,021
Non current assets	2,582,274,845	2,653,065,393
Current liabilities	792,643,342	1,375,655,978
Non current liabilities	1,620,370,089	728,468,072
Total equity	277,886,248	779,538,366
Attributable to:		
Equity holders of the parent	229,081,406	832,328,801
Non-controlling interest	48,804,842	(52,790,436)
	2023 Rs.	2022 Rs.
Summarised Statement of Profit or Loss		
Revenue	415,638,151	219,171,794
Cost of sales	231,234,107	147,296,220
Administrative expenses	318,412,150	212,466,515
Finance costs	369,774,992	310,868,957
Loss before tax	(501,129,136)	(417,895,927)
Income tax	-	(2,608,834)
Loss for the year	(501,129,136)	(420,504,762)
Total comprehensive loss	(501,652,118)	211,699,291
Attributable to non-controlling interest	(83,229,628)	(72,281,821)
	2023 Rs.	2022 Rs.
Summarized statement of cash flows		
Cash flows used in operating activities	(102,374,981)	(235,325,703)
Cash flows used in investing activities	(27,010,680)	(24,580,297)
Cash flows from Financing activities	117,920,376	288,985,753
Net increase in cash and cash equivalents	(11,465,285)	29,079,753

17 INVESTMENT IN SUBSIDIARIES [Contd.]

17.3 Disposal of subsidiary

On 04 May 2021, the company disposed of its 80% interest in Lake Lodge [Pvt] Ltd for a cash consideration of Rs. 30,592,800/- . Sales proceed as follows:

	2023 Rs.	2022 Rs.
Assets		
Property, plant and equipment	-	30,000,000
Liabilities		
Equity interest held by Non-Controlling interests	-	[6,000,000]
Net assets directly associated with Hayleys Leisure PLC	-	24,000,000
Purchase consideration transferred	-	30,592,800
Net assets directly associated with Hayleys Leisure PLC	-	[24,000,000]
Gain on disposal of subsidiary	-	6,592,800

18 OTHER FINANCIAL ASSETS

Other financial assets

	Group/Company	
	2023 %	2022 %
Current		
Financial assets at fair value through profit or loss		
Quoted investments in equity shares [Note 18.1]	1,990,450	1,135,218
Non-Current		
Equity instruments designated at fair value through OCI		
Non-quoted investments in equity securities [Note 18.2]	10	10
Debt instruments at amortised cost		
Related party receivables [Note 18.3]	265,877,271	265,877,271
Total other financial assets	267,867,731	267,012,498
Total current	1,990,450	1,135,218
Total non-current	265,877,281	265,877,281

NOTES TO THE FINANCIAL STATEMENTS

18.1 Fair value through profit or loss

Quoted investments in equity securities

	No. of Shares		Cost	Market Value	Cost	Market Value
	2023 %	2022 %	2023 Rs.	2023 %	2022 %	2022 %
Group/Company						
The Fortress Resorts PLC	90,075	90,075	646,349	1,981,650	646,349	1,125,938
LB Finance PLC	160	160	3,029	8,800	3,029	9,280
	90,235	90,235	649,378	1,990,450	649,378	1,135,218
Fair value adjustment of investments			1,341,072	-	485,840	-
Total Quoted investments in equity securities			1,990,450	1,990,450	1,135,218	1,135,218

18.2 Non-quoted investments in equity securities

	No. of Shares		Carrying Value	
	2023	2022	2023	2022 Rs.
La Forteresse [Pvt] Ltd				
Total non-quoted investments in equity securities	1	1	10	10
	1	1	10	10

Based on the management's valuation, the fair value changes are immaterial to the Financial Statements and no adjustments made to the Financial Statements.

18.3 Debt instruments at amortised cost

	2023 Rs.	2022 Rs.
Luxury Resort [Pvt] Ltd	265,877,271	265,877,271

The group charges interest from the noncurrent receivable balance from Luxury Resort [Pvt] Ltd. Accordingly, it was agreed to charge an interest based on the market rates.

Terms of repayment

Interest rate	LIBOR+Premium On outstanding loan balance p.m.
Tenure	60 months from April 2022

19 OTHER FINANCIAL LIABILITIES

19.1 Interest bearing loans and borrowings - group

	2023			2022		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Bank loans (Note 19.1.1)	452,452,657	1,800,977,444	2,253,430,101	1,183,601,740	1,003,394,879	2,186,996,620
Lease liability (Note 19.3)	10,264,554	31,194,308	41,458,860	10,969,605	35,623,364	46,592,968
Bank overdrafts (Note 22)	495,991,908	-	495,991,908	542,287,266	-	542,287,266
	958,709,119	1,832,171,752	2,790,880,871	1,736,858,611	1,039,018,243	2,775,876,854

19.1.1 Bank loans

	Balance As at 01.04.2022 Rs.	Loans Obtained/ Interest capitalised Rs.	Foreign Currency Conversion Rs.	Repayments Rs.	Balance As at 31.03.2023 Rs.
Hatton National Bank PLC - LKR TL	821,264,695	106,481,304	-	[5,902,706]	921,843,292
Hatton National Bank PLC - USD TL	690,460,193	169,451,341	[79,654,520]	[94,132,461]	686,124,554
DFCC Bank PLC - LKR TL	266,087,982	26,203,917	-	[3,652,055]	288,639,843
Pan Asia Banking Corporation PLC	98,072,640	-	-	[13,378,703]	84,693,936
Bank of Ceylon	61,111,110	-	-	[20,982,635]	40,128,475
Sampath Bank PLC	250,000,000	-	-	[18,000,000]	232,000,000
	2,186,996,620	302,136,562	[79,654,520]	[156,048,560]	2,253,430,100

NOTES TO THE FINANCIAL STATEMENTS

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;

	PABC - Rs. 25 Mn	BOC - Rs. 25 Mn	Sampath - Rs. 250Mn	HNB USD 3Mn
Rate of Interest	Fixed	Fixed	AWPLR + Premium	3 Mn LIBOR + Premium
Term of Repayment - Capital Rs.	5,238,095/-	5,714,286/-	3,000,000/-	USD 17,000
Repayment by	February 2024	October 2023	August 2029	June 2027
Security offered*	Letter of comfort from Hayleys PLC/ HL PLC*		CG of HL PLC	Leasehold Right of the land and Hotel building belongs to Sun Tan Beach Resorts Ltd

* CG - Corporate Guarantee

* HL PLC - Hayleys Leisure PLC

	DFCC - Rs. 36 Mn	DFCC - Rs. 4 Mn	DFCC - Rs. 234 Mn	HNB - Rs. 13Mn	HNB - Rs. 5Mn	HNB - Rs. 202Mn	HNB - Rs. 717Mn
Rate of Interest	AWPLR + Premium	AWPLR + Premium	Fixed	Fixed	Fixed	AWPLR	Fixed
Capital Repayment - Rs.	6,060,601/-	163,958/-	9,758,690/-	1,160,000/-	338,889/-	500,000/-	1,000,000/-
Repayment by	June 2023	December 2024	December 2024	February 2024	June 2023	March 2026	March 2030
Security offer	Leasehold Right of the land and Hotel building belongs to Sun Tan Beach Resorts Ltd						

19.2 Interest Bearing Loans and Borrowings - Company

	2023			2022		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Bank loans (Note 19.2.1)	19,642,858	-	19,642,857	26,584,256	8,439,897	35,024,153
Bank overdrafts (Note 22)	307,794,463	-	307,794,463	280,511,493	-	280,511,493
	327,437,321	-	327,437,321	307,095,749	8,439,897	315,535,646

19 OTHER FINANCIAL LIABILITIES [Contd.]

19.2.1 Bank loans - company

	Balance As at 01.04.2022 Rs.	Loans Obtained/ Interest capitalised Rs.	Foreign Currency Conversion Rs.	Repayments Rs.	Balance As at 31.03.2023 Rs.
Pan Asia Banking Corporation PLC	23,913,043	-	-	[4,270,186]	19,642,857
Bank of Ceylon	11,111,110	-	-	[11,111,110]	-
	35,024,153	-	-	[15,381,296]	19,642,857

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;

	PABC - Rs. 25 Mn
- Term of Interest	Fixed
- Term of Repayment - Capital	Rs. 1,785,714/-
- Repayment by	February 2024
- Security offered	Letter of comfort from Hayleys PLC

19.3 Lease Liability - Group

	Group		Company	
Year ended 31 March 2023	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Opening balance	46,592,968	24,221,445	-	-
Additions	-	27,487,219	-	-
Derecognition	-	-	-	-
Gross payments	[10,337,075]	[10,128,638]	-	-
Interest accrued on lease liabilities	5,202,968	5,012,943	-	-
Closing balance	41,458,861	46,592,969	-	-
Current	10,264,554	10,969,605	-	-
Non-current	31,194,308	35,623,364	-	-

20 INVENTORIES

	2023 Rs.	2022 Rs.
Food and beverage	50,100,524	42,113,554
Housekeeping and maintenance	44,937,147	21,963,004
Printing and stationery	4,499,449	6,734,003
Consumables	17,685,026	2,585,784
Inventory provision	[298,723]	[519,936]
	116,923,422	72,876,409

NOTES TO THE FINANCIAL STATEMENTS

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade receivables	120,108,194	95,656,578	16,811,698	16,811,698
Less - Impairment made from trade receivables	(19,476,308)	(21,715,215)	(16,811,698)	(16,811,698)
	100,631,886	73,941,363	-	-
Other receivables	50,401,543	44,381,847	30,929,683	16,864,615
Other receivables from related parties [Note 21.1]	210,464,896	136,007,612	514,392,970	141,579,307
Amount due from Non-Hayleys related parties	-	18,000	-	-
Provision for doubtful receivables	-	-	(11,468,398)	(11,468,398)
	361,498,325	254,348,822	533,854,255	146,975,524

21.1 Other receivables from related parties

		Group		Company	
	Relationship	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Hayleys PLC	Ultimate Parent	365,285	10,250	-	-
Hayleys Hotel Management Services (Pvt) Ltd	Subsidiary	-	-	7,194,048	1,593,187
CDC Conventions (Pvt) Ltd	Subsidiary	-	-	6,924,293	6,924,293
Hayleys Holidays (Pvt) Ltd	Subsidiary	-	-	2,950,912	2,950,912
The Kingsbury PLC	Affiliate	505,196	71,452,559	-	71,452,559
Kelani Valley Resorts (Pvt) Ltd	Affiliate	-	9,070	-	-
Hayleys Consumer Products Ltd	Affiliate	3,149,487	-	-	-
Hayleys Aventura (Pvt) Ltd	Affiliate	34,000	1,575,550	-	-
Eastern Hotels (Pvt) Ltd	Affiliate	2,302,424	1,701,370	-	-
Luxury Resort (Private) Limited	Affiliate	203,651,080	58,658,356	200,274,557	58,658,356
Singer Sri Lanka PLC	Affiliate	-	46,000	-	-
Hayleys Travels (Pvt) Ltd	Affiliate	457,424	171,709	-	-
Hayleys Advantis Ltd	Affiliate	-	1,631,850	-	-
Fentons Ltd	Affiliate	-	108,000	-	-
Hayleys Agriculture Holdings Ltd	Affiliate	-	99,900	-	-
Hayleys Fabric PLC	Affiliate	-	543,000	-	-
Kandyan Resorts (Pvt) Ltd	Subsidiary	-	-	73,558,460	-
Sun Tan Beach Resorts Ltd	Subsidiary	-	-	223,490,700	-
		210,464,896	136,007,612	514,392,970	141,579,307

- Trade and other receivables are non interest bearing and generally on 30-120 day terms.

21 TRADE AND OTHER RECEIVABLES (Contd.)

21.2 As at 31 March, the aging analysis of trade receivables of group is as follows,

	Total	Neither past due nor impaired	> 60 days	Past due but not impaired		
				61-120 days	121-180 days	181-365 days
2023	100,631,886	48,016,963	43,774,096	6,566,927	273,900	2,000,000
2022	73,941,363	52,948,592	10,371,108	9,112,023	1,509,639	-

Provision matrix and impairment of debtors

Management has carried out an impairment provision based on the simplified approach of Expected Credit Loss (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.

22 CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of cash and cash equivalents

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Favorable cash and cash equivalent balances				
Cash and bank balances	100,763,269	245,792,771	21,472,210	61,750,957
Short term deposits	2,052,644	1,726,547	2,052,644	1,726,547
	102,815,913	247,519,318	23,524,854	63,477,504
Unfavorable cash and cash equivalent balances				
Bank overdraft	(495,991,908)	(542,287,266)	(307,794,463)	(280,511,493)
	(495,991,908)	(542,287,266)	(307,794,463)	(280,511,493)
Total cash and cash equivalents for the purpose of statement of cash flows	(393,175,995)	(294,767,947)	(284,269,608)	(217,033,989)

The bank overdrafts are secured by the leasehold properties of the Sun Tan Beach Resort Limited. Interest rate on bank overdrafts Are as follows:

Interest rate on bank overdrafts of Hayleys Leisure PLC are as follows:

- Pan Asia Banking Corporation PLC: AWPLR + 2% with a floor rate of 25%
- Seylan Bank PLC: AWPLR + 2% with a floor rate of 28%

NOTES TO THE FINANCIAL STATEMENTS

23 STATED CAPITAL

	Group/Company			
	2023		2022	
	Number	Rs.	Number	Rs.
Fully paid ordinary shares	107,989,958	909,370,708	107,989,958	909,370,708
	107,989,958	909,370,708	107,989,958	909,370,708

23.1 Fully paid ordinary shares

	2023		2022	
	Number	Rs.	Number	Rs.
As at 01 April 2022	107,989,958	909,370,707	107,989,958	909,370,708
As at 31 March 2023	107,989,958	909,370,707	107,989,958	909,370,708

24 RESERVES

24.1 Revaluation reserve

	2023 Rs.	2022 Rs.
On property, plant and equipment		
As at 01 April	462,906,453	423,793,731
Revaluation during the year	-	105,664,000
Deferred tax impact	-	[66,551,278]
Effect of income tax rate change on revaluation reserve	[85,917,331]	-
As at 31 March	376,989,122	462,906,453

24.2 Fair value reserve of financial assets at FVOCI

	2023 Rs.	2022 Rs.
As at 01 April	-	71,980,800
Gain on available for sale financial assets	-	111,559,382
Transfers	-	[183,540,182]
As at 31 March	-	-

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade payables	90,771,825	90,542,508	417,272	604,525
Other payables to related parties [Note 25.1]	734,799,469	222,085,268	632,721,991	262,015,402
Sundry creditors including accrued expenses	140,332,431	93,018,315	8,319,386	6,320,198
	965,903,726	405,646,091	641,458,649	268,940,125

25 TRADE AND OTHER PAYABLES [Contd.]

25.1 Other Payables to Related Parties

Group				Company	
	Relationship	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Hayleys PLC	Ultimate Parent	567,102,333	213,332,457	495,697,701	206,324,418
Kandyan Resorts (Pvt) Ltd	Subsidiary	-	-	-	27,290,386
Culture Club Resorts (Pvt) Ltd	Subsidiary	-	-	520,324	10,588,303
Sun Tan Beach Resorts Ltd	Subsidiary	-	-	-	13,151,638
The Kingsbury PLC	Affiliate	127,209,749	32,695	125,669,392	-
Hayleys Consumer Products Ltd	Affiliate	389,225	-	-	-
Hayleys Travels (Pvt) Ltd	Affiliate	132,800	-	-	-
Hayleys Tours (Pvt) Ltd	Affiliate	20,239,945	-	10,119,973	-
Hayleys Business Solutions (Pvt) Ltd	Affiliate	552,261	300,240	-	72,360
Hayleys Agriculture Holdings Ltd	Affiliate	906,229	705,402	-	-
Hayleys Aventura (Pvt) Ltd	Affiliate	-	298,442	-	-
Mabroc Teas (Pvt) Ltd	Affiliate	682,502	207,205	-	-
Logiwiz Ltd	Affiliate	31,138	46,656	-	46,656
Hayleys Electronics Lighting (Pvt) Ltd	Affiliate	-	226,330	-	-
Kelani Valley Resorts (Pvt) Ltd	Affiliate	1,429,201	4,541,641	714,601	4,541,641
Singer (Sri Lanka) PLC	Affiliate	-	70,195	-	-
Carbotels (Pvt) Ltd.	Affiliate	15,372,891	54,001	-	-
Fentons Ltd	Affiliate	751,195	2,270,004	-	-
		734,799,469	222,085,268	632,721,991	262,015,402

26 RETIREMENT BENEFIT OBLIGATION

Group			Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Defined Benefit Obligation - Gratuity				
Defined benefit obligation as at the beginning of the year	35,409,733	46,676,237	2,947,100	7,408,551
Employee transfer	(494,150)	(357,491)	720,000	(563,037)
Service cost	5,307,709	4,854,410	1,041,218	977,895
Interest cost	6,281,652	3,032,876	459,004	362,384
Actuarial gain/(loss)	1,492,994	447,318	(560,853)	(44,233)
Benefit paid	(4,296,291)	(19,243,617)	(494,150)	(5,194,460)
Defined benefit obligation as at the end of the year	43,701,647	35,409,733	4,112,319	2,947,100

NOTES TO THE FINANCIAL STATEMENTS

The expenses mentioned below are recognised in the line items in the statement of profit and loss and Other Comprehensive Income with related to retirement benefit obligations.

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Statement of profit and loss	11,095,211	7,529,795	2,220,222	777,242
Other comprehensive income	1,492,994	447,318	[560,853]	[44,233]
	12,588,205	7,977,113	1,659,369	733,009

Messrs. Actuarial & Management Consultants (Pvt) Ltd, an independent actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2023. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2023 Rs.	2022 Rs.
Discount rate	18%	8%
Future salary increment rate	16%	14%
Average remaining working life [years]	8	7

26.1 Sensitivity of the principal assumptions used

	Expected Future Salaries		Discount Rate	
	1% increase Rs.	1% decrease Rs.	1% increase Rs.	1% decrease Rs.
Company				
Change in present value of defined benefit obligation	[254,203]	283,950	302,575	[274,730]
Group				
Change in present value of defined benefit obligation	[2,513,783]	2,782,692	3,022,232	[2,767,949]

26.2 Maturity analysis of the payments

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Within the next 12 months	5,477,953	5,487,260	229,234	211,796
Between 1 to 5 years	16,288,357	13,362,405	1,634,317	995,626
Between 5 to 10 years	12,665,509	8,976,794	1,524,539	968,670
More than 10 years	9,269,827	7,583,274	724,229	771,008
	43,701,647	35,409,733	4,112,319	2,947,100

27 OTHER CURRENT NON-FINANCIAL LIABILITIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Contract liabilities [Note 27.1]	143,683,527	87,838,764	49,804,434	52,953,189
Other tax payable	4,402,608	-	1,221,832	-
	148,086,135	87,838,764	51,026,266	52,953,189

27.1 Contract liabilities

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Opening balance	87,838,764	92,613,356	52,953,189	66,310,370
Advance received during the year	1,200,095,787	553,526,335	42,869,466	108,943,533
Refunds due to cancellation of bookings	[1,362,775]	[3,314,907]	-	[2,226,808]
Setoff against the receivables	[1,142,888,249]	[554,986,020]	[46,018,221]	[120,073,906]
Closing balance	143,683,527	87,838,764	49,804,434	52,953,189

28 COMPARATIVE INFORMATION

The Group had charged part of Depreciation and Repair & Maintenance under Cost of Sales and Travel Agent Commission to Overheads, which is a deviation from the industry practice. As a corrective measure the said charges have been reclassified under Administrative expenses and Cost of Sales respectively.

The presentation and classification of the following items in the financial statements were amended to ensure comparability with the current year.

Line Item	2022 Impact as current presentation Rs.
Cost of sales	[163,041,927]
Selling and marketing expenses	[20,139,205]
Administrative expenses	183,181,132
	-

NOTES TO THE FINANCIAL STATEMENTS

29 COMMITMENTS AND CONTINGENCIES

29.1 Capital expenditure commitments

Group has no capital expenditure approved by the Board which is not provided in the Financial Statements.

29.2 Lease Commitments

The Group has lease contracts for lands, buildings, motor vehicles and office equipment. 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	4,377,936	9,362,643	-	-
After one year but not more than five years	42,960,460	26,993,404	-	-
More than five years	7,075,225	5,102,814	-	-
Total minimum lease payments	54,413,621	41,458,861	-	-
Less-Amounts representing finance charges	[12,954,760]	-	-	-
Present value of minimum lease payments	41,458,861	41,458,861	-	-

29.3 Contingent Liabilities

There are no contingent liabilities as at the reporting date.

30 ASSETS PLEDGED

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

		Carrying Amount Pledged		Included Under
Nature of Assets Pledged	Nature of Liability	2023 Rs.	2022 Rs.	
Leasehold Right of the land and Hotel building belongs to Sun Tan Beach Resorts Ltd	Refer Note 15 & 16	2,403,259,172	1,818,529,161	Property, Plant and Equipment and Right of Use (ROU) Assets

31 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

31.1 Transaction with the Related Entities

Nature of Transaction

Recurring related party transactions

	Parent Company		Subsidiary Companies		Other Companies		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 01 April	[206,324,418]	[141,387,542]	[39,561,935]	[674,376,896]	391,327,529	266,926,395	145,441,177	[548,838,042]
Rendering/ obtaining services	[289,373,283]	[67,337,089]	-	-	46,504,465	[2,803,407]	[242,868,818]	[70,140,496]
Management fees	-	-	96,158,843	3,600,000	215,085,804	-	311,244,647	3,600,000
Interest income	-	-	2,194,532	-	23,592,982	29,916,347	25,787,514	29,916,347
Commission income	-	-	-	42,712,013	-	78,786,790	-	121,498,803
Expenses incurred by the company on behalf of others	-	-	127,339,636	74,226,044	22,327,271	50,086,733	149,666,908	124,312,777
Dividend	-	-	-	279,800,280	-	-	-	279,800,280
Settlement of liabilities by the company on behalf of others	-	-	-	22,666,772	-	-	-	22,666,772
Collection made on behalf of the company	-	-	-	[98,441,968]	-	[1,541,908]	-	[99,983,876]
Collections made by the company on behalf of the others	-	-	[38,503,363]	-	2,175,725	-	[36,327,638]	-
Net fund transfers	-	-	174,178,065	310,251,820	[356,400,000]	-	[182,221,935]	310,251,820
Settlements by the company	-	2,400,213	[8,207,690]	-	[14,965,904]	-	[23,173,594]	2,400,213
Settlements to the company	-	-	-	-	-	[30,043,421]	-	[30,043,421]
As at 31 March	[495,697,701]	[206,324,418]	313,598,088	[39,561,935]	329,647,873	391,327,529	147,548,259	145,441,176
Included in								
Amounts due from related parties	-	-	314,118,412	11,468,392	200,274,557	130,110,915	514,392,970	141,579,307
Amounts due to related parties	[495,697,701]	[206,324,418]	[520,324]	[51,030,327]	[136,503,965]	[4,660,657]	[632,721,991]	[262,015,402]
Other non current financial assets [Note 18.3]	-	-	-	-	265,877,281	265,877,271	265,877,281	265,877,271
	[495,697,701]	[206,324,418]	313,598,088	[39,561,935]	329,647,873	391,327,529	147,548,259	145,441,176

NOTES TO THE FINANCIAL STATEMENTS

31.2 Transactions carried out by subsidiaries with other related parties

	2023 Rs.	2022 Rs.
As at 01 April	[1,042,757]	[3,200,374]
Goods/services obtained	31,168,919	57,793,332
Settlements made	[49,258,778]	[55,635,715]
As at 31 March	[19,132,616]	[1,042,757]

Subsidiaries: Culture Club Resorts (Pvt) Ltd, Kandyan Resorts (Pvt) Ltd, CDC Conventions (Pvt) Ltd, Hayleys Holidays (Pvt) Ltd, Hayleys Hotel Management Services (Pvt) Ltd and Sun Tan Beach Resorts Ltd.

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

31.2.1 Non-recurrent related party transaction

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 05% of the total assets whichever is lower of the Group as per 31 March 2023 audited Financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

31.2.2 Recurrent related party transactions:

Except for the below, there were no recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Group as per 31 March 2023 audited Financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Name of the company - Hayleys PLC	2023
Aggregate value of transaction during the year (Rs. '000)	277,977
Aggregate value of transactions as a percentage of net revenue	18%

31 RELATED PARTY DISCLOSURES [Contd.]

31.3 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

	2023 Rs.	2022 Rs.
Short-term employee benefits	74,619,333	30,708,594
Directors emoluments	5,596,268	5,598,000
	80,215,601	36,306,594

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.

32 EVENT OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment to or disclosure in the Financial Statements.

33 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.

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 2023 and 2022.

The analyses exclude the impact of movements in market variables on the carrying value of Retirement Benefit obligation and provisions.

NOTES TO THE FINANCIAL STATEMENTS

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/ [loss] before tax
2023	+50	13,954,404
	-50	[13,954,404]
2022	+50	13,879,384
	-50	[13,879,384]

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.

Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings as follows:

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES [Contd.]

	Change in USD rate	Effect on profit before tax	Effect on equity
2023	5%	1,855,372	1,298,761
2022	5%	[3,186,187]	[2,740,118]

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. 1,990,450/- [2022-Rs. 1,135,218]. An increase or decrease of 10% on the Colombo Stock Exchange [CSE] market index [ASPI] could have an impact of approximately Rs.199,045/- [Rs.113,522/-] 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 90% of the trade receivables are due from well established travel agents. Risk exposure to receivables from individuals and entities are minimal as most of the transaction's with local individuals were done on cash basis.

The group has considered the current decline in the tourism industry due to the current economic circumstances in evaluating the credit risk of trade receivables. The management has monitored the effect of the 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 foreign travel agents and the dues are still within the credit period and those travel agents have agreed to release the payments on due dates.

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. ^

NOTES TO THE FINANCIAL STATEMENTS

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.

The Group has Rs. 2,052,644/- of short term deposits and Rs. 100,763,269/- of cash balance as at the reporting date and the Group assessed these funds are sufficient to meet the obligations when due.

Excessive risk concentration

Concentrations arise as a number of hotels are coming and engaged in tourism industry activities in the Group's geographical region and have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines mitigate those risk factors. The Group has improve the marketing activities specially in different customer segments and geographical region to attract many more tourists from those regions. Significant part of the Group customer base was reflected form the foreign tourists and the Group now considering the promoting the Hotel to local customers as well.

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

As at 31 March 2023	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	495,991,908	-	462,717,211	1,832,171,752	-	2,790,880,871
Trade and other payables	-	231,104,256	734,799,469	-	-	965,903,726
	495,991,908	231,104,256	1,197,516,680	1,832,171,752	-	3,756,784,597

As at 31 March 2022	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	542,287,266	-	1,194,571,345	1,039,018,243	-	2,775,876,854
Trade and other payables	-	183,560,823	222,085,268	-	-	405,646,091
	542,287,266	183,560,823	1,416,656,613	1,039,018,243	-	3,181,522,945

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

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;

- i. 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
- ii. 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 minimum level. The Group includes within net debt, bank overdraft, trade and other payables, less cash and cash equivalents.

	Holding	
	2023 %	2022 %
Interest-bearing loans and borrowings (Note 19)	2,790,880,871	2,775,876,854
Trade and other payables (Note 25)	965,903,726	405,646,091
Less: Cash and short term deposits (Note 22)	(102,815,913)	(247,519,318)
Net debt	3,653,968,684	2,934,003,627
Equity	1,233,976,739	2,145,369,702
Total capital	1,233,976,739	2,145,369,702
Capital and net debt	4,887,945,422	5,079,373,329
Gearing ratio	74.75%	58.00%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.



A vibrant underwater photograph of a coral reef. In the foreground, a large, branching coral structure is covered in various types of coral, including some with bright yellow and white polyps. The background shows more coral and a clear blue water surface with sunlight filtering through. A small, dark fish is visible on the left side.

SUPPLEMENTARY INFORMATION

CONTINUOUS EXPANSION

A wealth of additional insights and data provide a deeper understanding of our operations, performance, and strategic initiatives that contribute to fostering a culture of excellence, and delivering sustained growth.

SHARE AND INVESTOR INFORMATION

HAYLEYS LEISURE PLC ORDINARY SHAREHOLDERS AS AT 31 MARCH 2023

Total No. of shareholders as at 31 March 2023: 1,880 [as at 31 March 2022: 1,969]

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	1,386	330,495	0.31	8	3,286	0.00	1,394	333,781	0.31
1,001 - 10,000	340	1,085,261	1.01	6	15,653	0.01	346	1,100,914	1.02
10,001 - 100,000	112	2,852,901	2.64	1	20,412	0.02	113	2,873,313	2.66
100,001 - 1,000,000	14	3,411,920	3.16	-	-	-	14	3,411,920	3.16
Over 1,000,000	13	100,270,030	92.85	-	-	-	13	100,270,030	92.85
	1,865	107,950,607	99.97	15	39,351	0.03	1,880	107,989,958	100.00

CATEGORY

Individuals	1,785	8,981,261	8.32	15	39,351	0.03	1,800	9,020,612	8.35
Institutions	80	98,969,346	91.65	-	-	-	80	98,969,346	91.65
	1,865	107,950,607	99.97	15	39,351	0.03	1,880	107,989,958	100.00

SHARE TRADING INFORMATION

For the Twelve Months ended 31 March	2023		2022	
	Date		Date	
Highest Price Rs.	15/09/2022	27.00	30/09/2021	28.30
Lowest Price Rs.	09/05/2022	12.60	31/03/2022	16.10
Closing Price Rs.		24.00		16.20
No. of Transactions		2,087		5,661
No. of shares traded		2,808,871		11,377,211
Value of shares traded Rs.		64,153,264.00		244,127,033

FIRST TWENTY SHAREHOLDERS

TOP TWENTY SHAREHOLDERS AS AT 31 MARCH 2023

	Name of Shareholder	No.of Shares as at 31.03.2023	% of Present	No.of Shares as at 31.03.2022	% of Present
1	Hayleys PLC	46,690,587	43.24	46,690,587	43.24
2	Dean Foster [Pvt] Ltd	23,049,088	21.34	23,049,088	21.34
3	Employee's Provident Fund	10,388,284	9.62	10,388,284	9.62
4	Sri Lanka Insurance Corporation Ltd-Life Fund	8,791,598	8.14	9,304,160	8.62
5	Mr. Sujeewa Indika Ranasinghe	2,808,651	2.60	2,697,443	2.50
6	Mercantile Investments and Finance PLC	1,933,440	1.79	1,933,440	1.79
7	Toyo Cushion Lanka [Pvt] Ltd	1,835,420	1.70	1,835,420	1.70
8	Volanka Exports Ltd	1,445,358	1.34	1,445,358	1.34
9	Bank of Ceylon No. 1 Account	1,186,240	1.10	1,186,240	1.10
10	Associated Electrical Corporation Ltd	1,134,942	1.05	1,134,942	1.05
11	Mr. Kulappuarachchige Don Dammika Perera	1,006,422	0.93	1,006,422	0.93
12	People's Leasing & Finance PLC / L.P. Hapangama	571,383	0.53	-	-
13	Mr. Derek Joseph De Silva Wijeyeratne	320,088	0.30	320,088	0.30
14	Bank of Ceylon A/C Ceybank Century Growth Fund	316,448	0.29	316,448	0.29
15	Mr. Hitbandara Atapattu Mudiyansele Premaratne Algama	314,504	0.29	314,504	0.29
16	People's Leasing & Finance PLC / Dr. H.S.D. Soysa & Mrs. G. Soysa	308,730	0.29	-	-
17	Dr. Hettiarachchige Stanley Upatissa Amarasekera	300,000	0.28	300,000	0.28
18	Mr. Kulappu Arachchige Don Anurada Perera	249,846	0.23	249,846	0.23
19	Mr. Lakshman Chrisantha Yohan Welikala	218,095	0.20	138,095	0.13
20	Hatton National Bank PLC / Kandaiah Kanapathipillai Shujeevan	170,000	0.16	170,000	0.16
		103,039,124	95.42	102,480,365	94.91

There were no non voting shares as at 31 March 2023.

Market Capitalisation as at 31 March 2023 [Rs.]	2,591,758,992
Float Adjusted Market Capitalisation as at 31 March 2023 [Rs.]	814,071,499.39
Public Holding Percentage	31.41%
Total Number of Shareholders representing in public holding	1871
The Company complies with option 5 of the Listing Rules 7.14.1 (i) [a] - 20% minimum Public Holding is required if the Company has less than Rs. 2.5 Bn. Float Adjusted Market Capitalisation.	

TEN-YEAR FINANCIAL SUMMARY

Year ended 31 March	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Results	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Revenue	1,531,664	777,262	362,362	1,225,951	1,643,863	1,442,894	1,575,332	1,623,312	1,395,504	1,159,802
Profit before tax	[892,029]	[892,717]	[784,638]	[252,362]	270,449	50,051	188,261	301,625	223,489	417,919
Taxation	[67,599]	[5,823]	[5,081]	[13,999]	[35,217]	[42,012]	[39,439]	[54,927]	[42,667]	[41,757]
Profit after tax	[824,431]	[898,540]	[789,719]	[266,361]	235,232	8,038	148,823	246,698	180,822	376,162
Profit / (Loss) attributable to owners of the parent	[741,165]	[826,368]	[723,771]	[168,578]	299,697	93,267	206,443	287,016	227,855	376,160
Non-Controlling Interest	[83,265]	[72,173]	[65,948]	[97,783]	[64,465]	[85,229]	[57,620]	[40,317]	[47,033]	2,301
Funds employed										
Stated capital*	909,371	909,371	909,371	909,371	909,371	819,779	819,779	718,907	718,907	526,770
Capital Reserves	376,989	462,906	423,794	423,794	423,794	269,100	274,699	410,346	410,346	65,295
Other component of equity	-	-	71,981	[60,487]	[49,105]	[7,569]	[17,286]	[44,854]	[30,808]	[57,951]
Revenue reserves	83,737	825,883	1,469,067	2,236,086	2,414,321	2,406,462	2,318,535	2,266,477	2,073,582	2,083,606
Equity attributable to equity holders of the parent	1,370,097	2,198,160	2,874,212	3,508,763	3,698,380	3,487,773	3,395,728	3,350,876	3,172,027	2,617,721
Non-Controlling Interest	[136,119]	[52,790]	25,491	22,272	128,253	206,597	285,554	399,931	423,035	29,302
Borrowings	2,790,881	2,145,370	2,023,826	1,568,828	1,354,460	1,447,915	1,518,536	1,791,385	1,839,254	243,421
Assets Employed										
Non-current assets	4,744,849	4,996,335	5,093,434	4,973,397	4,999,758	5,027,506	5,141,443	5,436,798	5,493,752	2,880,364
Current assets	664,128	663,129	396,390	695,115	830,547	607,443	554,134	564,440	377,117	277,056
Current Liabilities net of borrowings	718,182	493,485	380,164	375,162	451,869	309,371	348,963	324,016	319,738	156,965
Provisions				193,486	197,344	183,280	146,797	135,031	116,815	110,010
Capital Employed	4,161,110	4,921,247	4,923,530	5,099,863	5,181,085	5,142,298	5,199,818	5,542,191	5,434,316	2,890,444
Cashflow										
Net cash inflow / (outflow) from operating activities	[173,504]	[737,321]	[624,158]	[114,412]	372,205	52,255	374,717	431,669	428,595	471,649
Net cash inflow / (outflow) from investing activities	[65,858]	46,714	88,744	[53,141]	110,336	[57,978]	110,652	[157,439]	[1,042,792]	[269,251]
Net cash inflow/(outflow) from financing activities	140,954	518,397	341,790	108,421	[404,683]	[50,455]	[525,346]	49,477	451,319	[185,990]
Increase / (decrease) in cash and cash equivalents	[98,408]	[172,210]	[193,624]	[59,132]	77,858	[56,178]	[39,978]	323,707	[162,877]	16,407
Key Indicators										
Earnings / (Loss) per share [basic] [Rs.]**	[6.86]	[7.65]	[6.70]	[1.56]	0.83	1.73	1.91	2.66	2.11	3.48
Dividend per share [Rs.]	-	-	-	-	5.50	-	2.00	4.00	5.00	4.50
Net Assets Value per share [Rs.]**	12.69	20.36	26.62	32.70	34.25	32.30	31.45	31.03	29.37	24.24
Market price per share [Rs.]	24.00	16.10	17.80	25.00	37.20	52.80	63.80	60.50	85.00	72.30
Return on shareholders funds [%]	[0.60]	[41.88]	[27.23]	[7.54]	8.10	2.67	6.08	8.57	7.18	14.37
Return on capital employed [%]	-11%	[12.65]	[11.84]	[2.24]	8.53	4.14	7.40	8.24	6.60	15.00
Price earnings ratio [times]	[3.50]	[2.10]	[2.66]	[10.12]	6.70	30.52	16.03	10.63	17.93	9.23

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

** Earnings per share in all reporting periods were adjusted based on post sub division of two shares for every one ordinary share held.

NOTICE OF MEETING

HAYLEYS LEISURE PLC

[Company Registration No. PQ 145]

NOTICE IS HEREBY GIVEN THAT THE FORTY FIRST ANNUAL GENERAL MEETING OF HAYLEYS LEISURE PLC will be held on Wednesday, 28th June 2023 at 11.00 a.m. at the Conference Hall of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes:

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. S. J. Wijesinghe, who retires by rotation at the Annual General Meeting in terms of Article 29 [1] of the Articles of Association of the Company.
3. To re-elect as a Director Mr. S. H. Amarasekera, who retires by rotation at the Annual General Meeting in terms of Article 29 [1] of the Articles of Association of the Company.
4. To re-elect as a Director Ms. K. A. D. B. Perera who has been appointed to the Board since the last Annual General Meeting. in terms of Article 27 [2] of the Articles of Association of the Company.
5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

'That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy two years be and is hereby re-appointed as a Director for a further period of one year 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 him.'

6. To authorise the directors to determine donations and contributions to charities for the ensuing year.
7. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2023/24 and to authorise the Directors to determine their remuneration.
8. To consider and if thought fit, to pass the following Special Resolutions to amend the existing articles in the Articles of Association of the Company, in order to be in line with the model articles provided in Schedule 1 of the Companies Act No 7 of 2007.

Special Resolution [1]

That the existing Article 15 be deleted in its entirety and be replaced by the following Article 15;

"Article 15 - Method of Holding General Meetings

A meeting of shareholders may be held either;

- a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- b) by means of audio or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting."

Special Resolution [2]

'That the existing Article 16 [2] be deleted and replaced by the following Article 16 [2];

"Article 16 [2] A quorum for a meeting of shareholders is present if three [03] shareholders are present in person or through audio visual communication, by themselves or by their proxy."

Special Resolution [3]

'That the existing Article 18 [1] be deleted and replaced by the following Article 18 [1] (a) and (b)

"Article 18 [1]

(a) In the case of a meeting of shareholders held under paragraph (a) of Article 15, unless a poll is demanded, voting at the meeting shall be by whichever of the following methods as determined by the chairperson of the meeting.

i. voting by voice ; or

ii. voting by a show of hands

(b) In the case of a meeting of shareholders held under paragraph (b) of article 15, unless a poll is demanded, voting at the meeting shall be by shareholders signifying individually their assent or dissent by voice or by any electronic means."

By Order of the Board,

HAYLEYS LEISURE PLC



Hayleys Group Services (Private) Limited

Secretaries

Colombo

02nd June 2023

Notes to shareholders:

1. The Annual Report of the Company for 2022/23 is available on the corporate website: <https://www.amayaresorts.com/about/annual-reports> and on the Colombo Stock Exchange website: <https://cse.lk/pages/company-profile/company-profile.component.html?symbol=CONN.N0000>
2. 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 the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight [48] hours before the time fixed for the Meeting.
3. For your reference, the existing Articles are available in the Colombo Stock Exchange website: www.cse.lk.
4. A shareholder who requires a hard copy of the Annual Report must post or handover the duly completed 'Request Form' to the office of the Secretaries.

NOTES

FORM OF PROXY

HAYLEYS LEISURE PLC - Company Registration Number: PQ 145

I/We
[full name of Shareholder] NIC No./Reg. No. of Shareholder
of
being Shareholder/Shareholders of Hayleys Leisure PLC hereby appoint:

[1]
[full name of Proxyholder] NIC No. of Proxyholder
of
or, failing him/her

[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 Forty First Annual General Meeting of the Company to be held on Wednesday, 28th June 2023 at 11.00 a.m 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 Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. S. J. Wijesinghe, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. S. H. Amarasekera, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Ms. K. A. D. B. Perera, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. A. M. Pandithage as a Director in terms of Section 211 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine donations and contributions to charities for the ensuing year 2023/24.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2023/24 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. To pass the Special Resolutions to amend the Articles of Association of the Company as set out in the Notice.		
Special Resolution [1]	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution [2]	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution [3]	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of 2023.

.....
Signature of Proxyholder

[Instructions are given overleaf]

Instructions:

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. **Delayed Proxy Forms shall not be accepted.**
2. A Shareholder is entitled to attend and vote at the Annual General Meeting of the Company, or 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.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Proxy Form must be dated and signed by the Shareholder.
6. 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 can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. 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.
9. 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.

CORPORATE INFORMATION

NAME OF COMPANY

Hayleys Leisure PLC

COMPANY REGISTRATION NO:

PQ 145

LEGAL FORM

Public Quoted Company with limited liability originally incorporated in Sri Lanka as a Private Company and later converted to a Public Company.

REGISTERED OFFICE

Level 27, East Tower, World Trade Center
Echelon Square, Colombo 01, Sri Lanka
Telephone 011 - 44767800
Website www.amayaresorts.com

BOARD OF DIRECTORS

Mr. A. M. Pandithage [Chairman]
Mr. R. J. Karunarahah [Managing Director]
Mr. S. H. Amarasekera
Ms. R. N. Ponnambalam
Ms. W. D. De Costa
Mr. S. J. Wijesinghe
Mr. S. C. Ganegoda
Mr. D. T. R. De Silva
Ms. K. A. D. B. Perera [Appointed w.e.f. 19 October 2022]

AUDIT COMMITTEE

Ms. W. D. De Costa
Ms. R. N. Ponnambalam
Mr. S. H. Amarasekera
Mr. D. T. R. De Silva [Appointed w.e.f. 08 May 2023]

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Related Party Transactions Review Committee of the Parent
Company act as the Related Party Transactions Review
Committee of the Company.

REMUNERATION COMMITTEE

Remuneration Committee of the Parent Company act as the
Remuneration Committee of the Company.

BOARD NOMINATIONS COMMITTEE

Board Nominations Committee of the Parent
Company act as the Board Nominations Committee
of the Company.

SUBSIDIARY COMPANIES

UNQUOTED

Culture Club Resorts [Pvt] Ltd
Kandyan Resorts [Pvt] Ltd
Sun Tan Beach Resorts Ltd
Hayleys Holidays [Pvt] Ltd [Formerly known as
Connaissance Air Travels [Pvt] Ltd]
CDC Conventions [Pvt] Ltd
Hayleys Hotel Management Services Pvt.
Ltd. [Formerly known as Connaissance Hotel
Management [Pvt] Ltd]

SECRETARIES

Hayleys Group Services [Pvt] Ltd
No. 400, Deans Road, Colombo 10, Sri Lanka

AUDITORS

Ernst & Young
Chartered Accountants
No. 201, De Saram Place, Colombo 10, Sri Lanka

BANKERS

Hatton National Bank PLC
National Development Bank PLC
Commercial Bank of Ceylon PLC
Pan Asia Bank PLC
DFCC Bank PLC
Seylan Bank PLC
Bank of Ceylon
Nations Trust Bank PLC
Sampath Bank PLC

