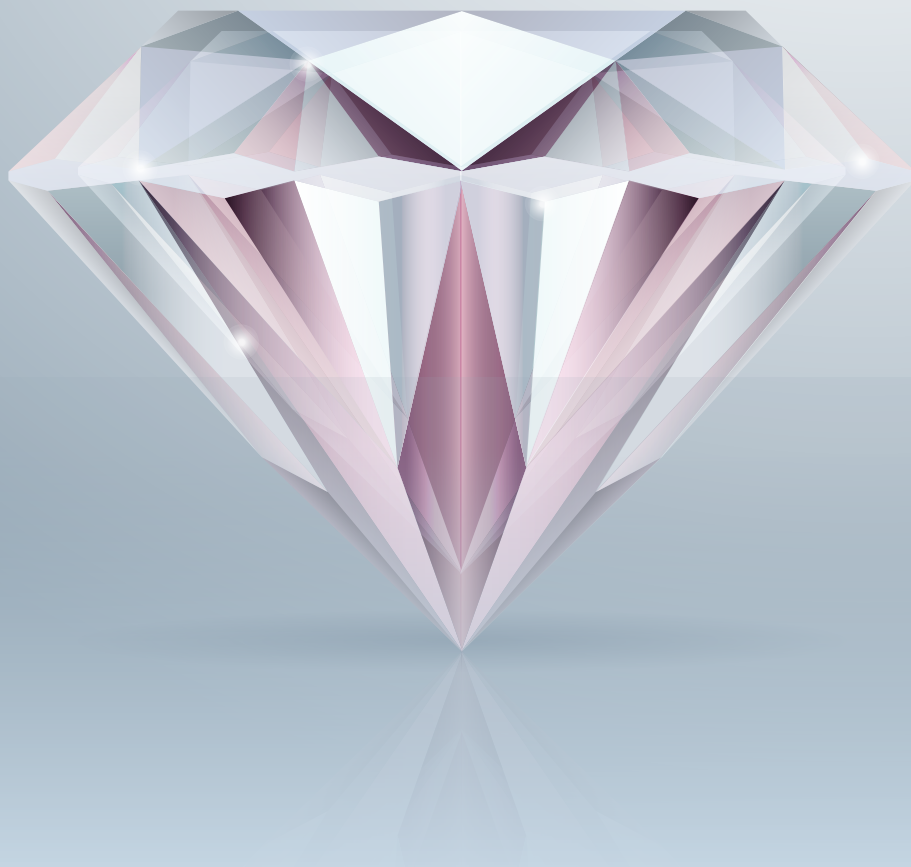


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ANNUAL REPORT 2023/24

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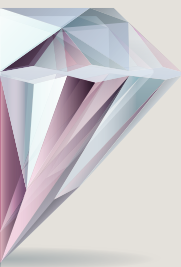


Just as we meticulously refine our offerings to perfection, we have likewise sharpened our vision for the future with unparalleled precision. At Hayleys Leisure, our foundation is unmovable and unbreakable, rooted in values that guide our every step.

This report stands as a testament to our evolutionary journey in the leisure landscape, marked by the optimism and unwavering hope of a people revered for their hospitable nature. At our core lies the unyielding dedication of our dynamic team, whose determination continually refines our trajectory for better prospects.

In the spirit of refinement, we embrace the challenges of tomorrow with confidence and grace, knowing that each endeavour brings us closer to realising our vision of a future shaped and sharpened by excellence.

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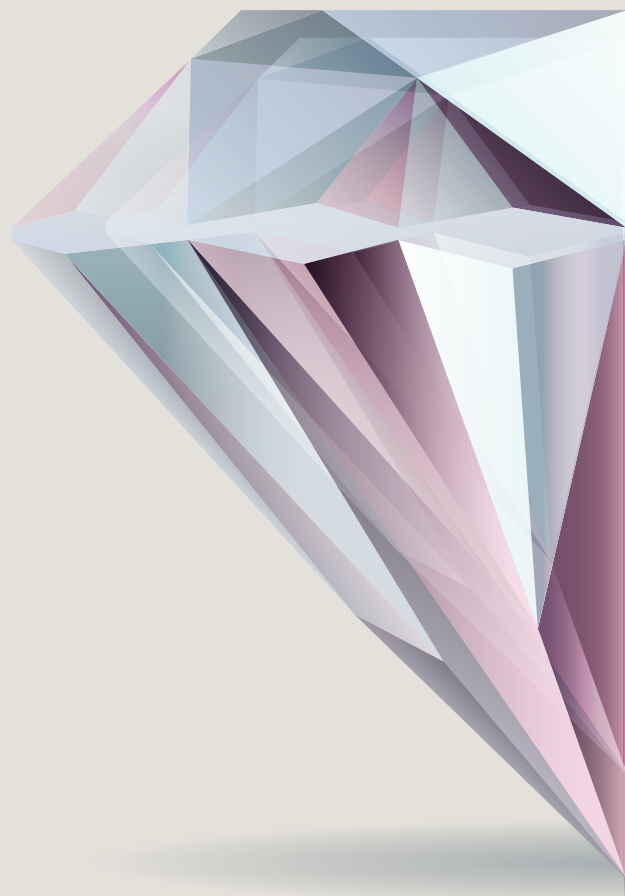
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About this Report

Welcome to the Hayleys Leisure PLC (HLP) Annual Report for the financial year ended 31 March 2024. This section provides a comprehensive overview of the report's purpose, structure, and key highlights. Our commitment to transparency and accountability is reflected in adhering to internationally recognised reporting standards. Through this report, we aim to provide stakeholders with a clear understanding of our performance, strategies, and impact. We invite readers to explore the contents, engage with the information presented, and gain insights into our efforts towards sustainable value creation and responsible business practices.

REPORTING BOUNDARY AND SCOPE

The Report covers operations of HLP in Sri Lanka for the period from 1 April 2023 to 31 March 2024. 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 2023. 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.

MATERIALITY

Materiality is a fundamental concept guiding the content of this annual report, ensuring that only significant information that could influence the decisions of stakeholders is presented. In adhering to materiality principles, we prioritise disclosing information that may impact investors' assessments of our financial position, performance, and prospects. Through rigorous assessment, we identify and include pertinent data, events, and developments, providing stakeholders with a clear and comprehensive understanding of our business activities and their implications. By focusing on materiality, we aim to foster transparency, accountability, and trust among our stakeholders, ultimately supporting informed decision-making and sustainable value creation.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this annual report represent our best estimates and projections of future events based on current expectations and assumptions. These statements involve inherent risks and uncertainties that could cause actual results to differ materially from those anticipated. Factors such as market conditions, economic trends, regulatory changes, and competitive



dynamics may affect the accuracy of forward-looking statements. While we strive to provide meaningful insights into our future prospects, readers are cautioned not to place undue reliance on these statements. We undertake no obligation to update or revise forward-looking statements as circumstances or expectations change. Instead, we encourage stakeholders to consider forward-looking statements as indicative of our strategic direction and goals, subject to inherent uncertainties inherent in forecasting future outcomes.

Financial Statements and related disclosures	Integrated Reporting	Corporate Governance
<ul style="list-style-type: none"> • Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka • Companies Act No. 07 of 2007 [Amended] • Listing Rules of the Colombo Stock Exchange • Independent Auditors' Report by Messrs. Ernst and Young 	<ul style="list-style-type: none"> • Integrated Reporting Framework of the Value Creation Foundation • United Nation's Sustainability Development Goals 	<ul style="list-style-type: none"> • Companies Act No. 07 of 2007 [Amended] • Listing Requirements of the Colombo Stock Exchange • Code of Best Practice on Corporate 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 of Sri Lanka

About this Report

FUTURE OF OUR ANNUAL REPORTING

We will also broaden the adoption of frameworks and guidelines on integrated reporting that are available locally and internationally which will enhance the quality and integrity of our disclosures.

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, Ravindra Dissanayake at level 27, East Tower, World Trade Centre, 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.

STAKEHOLDERS



Shareholders



Business partners



Customers



Government



Employees



Community

TYPES OF CAPITAL

SIX CAPITALS

Financial



Manufactured



Intellectual



Human



Social and relationship



Natural



SUSTAINABLE DEVELOPMENT GOALS



WAY FORWARD

As we forge ahead in enhanced financial and non-financial reporting, we intend to obtain external assurance on same in the coming years. We will also enhance the adoption of frameworks and guidelines that are available locally and internationally which will enhance the quality and integrity of our disclosures.

About the Company

Hayleys Leisure is where luxury meets tradition in the heart of stunning Sri Lanka. Nestled amidst the breath-taking landscapes and cultural richness of this island paradise, its flagship brand Amaya Resorts and Spas offer an unparalleled experience for rest, relaxation and rejuvenation.

We take pride in our commitment to providing world-class service, impeccable amenities, and authentic Sri Lankan hospitality. Our team is dedicated to ensuring that every guest feels at home from the moment they step through our doors.

Situated in prime locations across the country, each of our properties boasts its own unique charm and character, from beachfront retreats to lush mountain hideaways. Whether you're looking to unwind on pristine shores, delight in the beautiful views of the mountains, or explore the cultural diversity of the island nation, we offer the perfect base for your Sri Lankan adventure.



OUR PROPERTY PORTFOLIO

CITY HOTEL

The Kingsbury Hotel,
Colombo

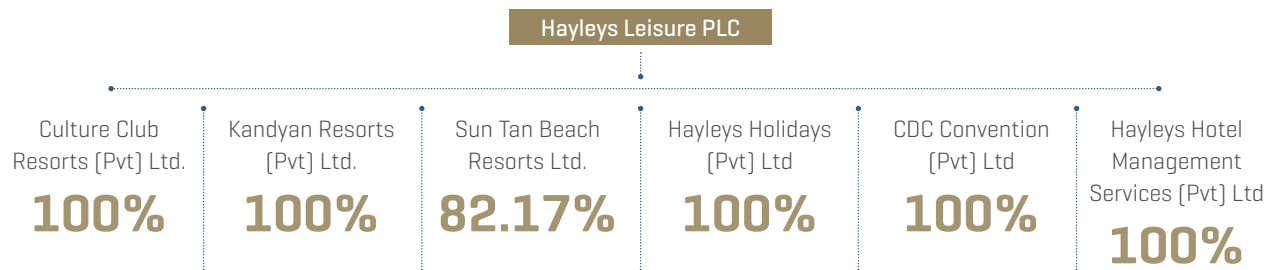
RESORT HOTELS

Amaya Hills, Kandy
Amaya Lake, Dambulla
Amaya Beach, Passikudah
Amaya Kuda Rah, Maldives

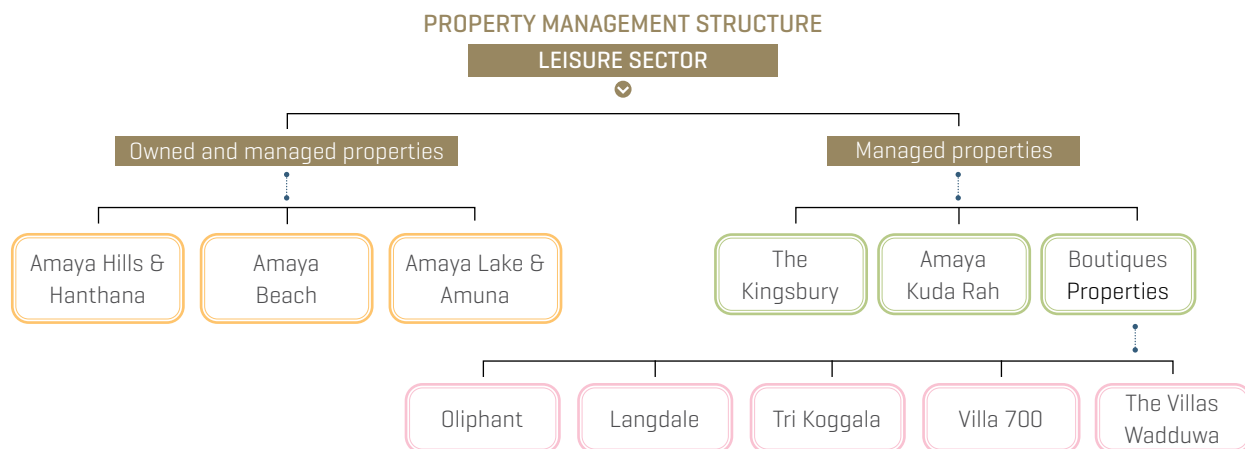
BOUTIQUE HOTELS

Langdale, Nuwara Eliya
Oliphant, Nuwara Eliya
Hantana Boutique Villa, Kandy
Villa 700 Induruwa
Tri Koggala
Amuna Ayurveda Retreat
The Villas Wadduwa

OWNERSHIP STRUCTURE



About the Company

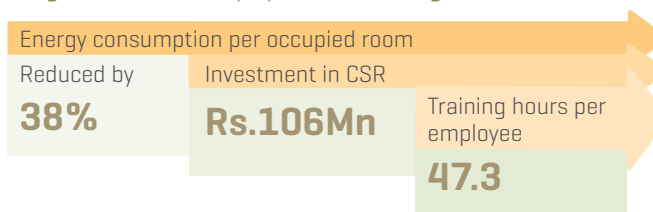


Our commitment to ESG

Our commitment to ESG is Guided by the Hayleys PLC's, "Hayleys Lifecode", which is the Hayleys Group code of conduct. It sets out our environmental, social and governance aspirations, roadmap and action plan going forward.

The code articulates commitment toward embedding ESG considerations across its strategy and decision-making processes. It primarily includes detailed disclosures on ESG governance, CRRO framework, Metrics and targets.

Progress Made in Hayleys Lifecode Targets



Our Presence	
12 Properties	
Aggregate Rooms	
703	
Restaurants & Bars	
45	
Our Team	
1,730	





Value Creation Highlights

For the financial year ended 31 March	2024	2023	Change
Financial Capital			
Revenue	2,877,808	1,531,664	88%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	518,139	55,864	828%
Results from operating activities	144,073	[444,684]	132%
Profit/(Loss) before tax	[154,507]	[892,029]	83%
Profit/(Loss) after tax	[145,986]	[824,431]	82%
Profit/(Loss) attributable to owners of the parent	[112,626]	[741,165]	85%
Profitability ratios			
Gross profit/(loss) margin	61.13%	52.98%	15%
Operating profit/(loss) margin	5.01%	[29.03%]	117%
Net profit/(loss) margin	[5.07%]	[53.83%]	91%
Return on Assets (ROA)	[2.51%]	[15.24%]	84%
Return on Capital Employed (ROCE)	6.16%	[9.20%]	167%
Financial position - Rs. '000			
Total Assets	5,815,109	5,408,978	8%
Total Debts	2,575,416	2,790,881	8%
Equity attributable to equity holders of the parent	1,344,453	1,370,097	[2%]
Balance Sheet performance ratios			
Gearing	77.60	74.75	[4%]
Debt/Equity	2.19	2.26	3%
Equity Asset Ratio	20.20	22.81	[11%]
Current ratio (times)	0.36	0.32	13%
Quick asset ratio (times)	0.33	0.26	27%
Interest cover (times)	0.37	[0.66]	156%
Market/Shareholders information			
No of shares in issue	107,989,958	107,989,958	-
Market value per share - Rs.	20.00	24.00	[17%]
Market Capitalisation - Rs.'000	2,159,799	2,591,759	[17%]
Net Assets per share - Rs.	12.45	12.69	[2%]
Dividends per share - Rs.	-	-	-
Dividend payout - %	-	-	-
Dividend yield - %	-	-	-
Earnings per share (basic) - Rs.	[1.04]	[6.86]	85%
Price earning ratio (times)	[19.18]	[3.50]	448%

For the financial year ended 31 March	2024	2023	Change
MANUFACTURED CAPITAL			
Property, plant & equipment - Rs. '000	4,511,580	4,446,672	1%
No of Rooms	356	356	-
Capital expenditure - Rs. '000	151,423	155,407	3%
HUMAN CAPITAL			
Total employees	704	586	[20%]
Economic value added per employee - Rs. '000	4088	2614	36%
Training hours per employee	47	22	115%
Retention rate	70%	73%	[3%]
INTELLECTUAL CAPITAL			
Brand rating (Trip Advisor)	4.5	4.5	-
Number of awards won	3	1	2
Number of processes carrying international/local certifications	3	3	-
SOCIAL AND RELATIONSHIP CAPITAL			
Investments in CSR activities - Rs. '000	105,868	104,678	1%
Community benefited	2,816	2,344	20%
NATURAL CAPITAL			
Carbon footprint - tCO ₂ e	12,744	10,674	[16%]
Energy consumption - per occupied room night- MJ	539.33	865.79	38%
Electricity consumption - per occupied room night - kWh	64.83	101.85	37%

Chairman's Message

THE DYNAMIC
EVOLUTION OF
THE TOURISM
INDUSTRY OFFERS
A PLETHORA OF
OPPORTUNITIES
FOR GROWTH AND
INNOVATION.



Dear Stakeholders,

It is my pleasure to present to you the Integrated Annual Report and Audited Financial Statements for the financial year ending 31st March 2024 – a year that reflected the resilience and commitment of the Hayleys Leisure team in surmounting all odds to deliver a satisfactory performance. Interventions in recent years to strengthen our brand, product offering and customer service have enabled Hayleys Leisure PLC to capitalise on the revival in the country's tourism sector, ensuring continued value creation to our stakeholders.

ECONOMIC OVERVIEW

Sri Lanka is on a path to recovery following the economic crisis of 2022/23. Policy interventions and critical structural economic reforms, with coordination of the IMF, have positioned the country on a gradual but definitive path to macro-economic stability.

Notable strides have been made, evidenced by the easing of supply chain disruptions, improved business sentiment and the improvement in the availability of foreign exchange. Particularly significant is the sharp deceleration in the inflation, as measured by the Colombo Consumer Price Index, which declined to 0.9% in March 2024, from 50.3% the year before.

The economy exhibits resilience and prospects of resumption of the growth along with improved macroeconomic stability. The Central Bank of Sri Lanka remains cautiously optimistic in its outlook for the fiscal year 2024. This optimism is underpinned by the anticipated resurgence of post-COVID consumer demand, sustained deceleration of domestic interest rates,

improvement in private sector credit demand, the gradual recovery of private sector investments, and favourable trajectories within trade dynamics.

I also wish to place on record that government policy towards the tourism industry has created a conducive environment for the industry, with support in the form of marketing campaigns, infrastructure projects, and special programmes for tourism businesses.

OPERATING LANDSCAPE

International tourism has continued to gain momentum, reaching an impressive 88% of pre-pandemic levels this year, as reported by the United Nations World Tourism Organisation [UNWTO]. This promising trajectory is further substantiated by the latest UN Tourism Confidence Index survey, wherein an overwhelming 67% of esteemed tourism professionals express optimistic sentiments for the year 2024.

Sri Lanka's tourism industry has shown promising signs of recovery in 2023 and early 2024, although it is yet to fully return to pre-pandemic levels. Encouraging developments include a significant surge in tourist arrivals, with data from the Sri Lanka Tourism Development Authority [SLTDA] indicating an 89% increase during the initial three months of 2024 compared to the same period in 2023, surpassing the 600,000 arrivals mark in the first quarter of 2024.

OPERATING HIGHLIGHTS

Within Hayleys Leisure PLC, a comprehensive suite of targeted operating initiatives has been strategically deployed to optimise operational efficiency and propel sustainable growth. These initiatives encompass multi-functional activities targeting various facets of our operations, including promotional events, accommodation offers, and dining promotions tailored to seasonal events and celebrations.

NOTABLE STRIDES HAVE BEEN MADE, EVIDENCED BY THE EASING OF SUPPLY CHAIN DISRUPTIONS, IMPROVED BUSINESS SENTIMENT AND THE IMPROVEMENT IN THE AVAILABILITY OF FOREIGN EXCHANGE.

Chairman's Message

FINANCIAL PERFORMANCE

Hayleys Leisure has achieved notable financial performance during the fiscal year, propelled by increased revenue stemming from improved occupancy levels. Total revenue reached Rs 2,778 million, marking an impressive growth of over 88% compared to the previous year, which signals the effectiveness of our strategic initiatives within a challenging business landscape. Despite encountering various hurdles, our adept management has successfully minimised losses, which reported a substantial improvement of 82% from the preceding fiscal year. This accomplishment underscores our prowess in cost management and competitive pricing strategies, which have been instrumental in driving our financial success.

The financial highlights for the year ending 31st March, 2024 reflect the resilience and stability of our operations. The notable growth in revenue is attributed to our strategically targeted promotional campaigns. These concerted efforts have not only enhanced our income but also solidified our position in the market, enabling us to consistently deliver value to our stakeholders.

REGULATORY COMPLIANCE

As of 1st April 2024, Hayleys Leisure is in full compliance with all requirements set out under the Listing Rules of the Colombo Stock Exchange as at that date, including Section 9 which was revised with effect from 01st October 2023. This is in addition to being compliant with all provisions of the Companies Act No. 07 of 2007 and other applicable laws and regulations.

OUR ESG COMMITMENT

Hayleys Leisure remains steadfast in its dedication to Environmental, Social, and Governance (ESG) principles, contributing to sustainable

development and positive impacts across all ESG domains. In an industry increasingly shaped by sustainability imperatives, we prioritise minimising our carbon footprint, supporting local communities, and preserving natural beauty and biodiversity.

Our sustainability initiatives span energy conservation, waste reduction, and eco-friendly sourcing. We achieved significant energy savings in Financial Year 2023/24 while we also launched a campaign to reduce single-use plastics. Central to our procurement strategy is local sourcing of food items and environmentally-friendly materials, and supporting local businesses. Our support for Amuna's rice cultivation on 20 acres exemplifies our commitment to sustainable practices.

Hayleys Leisure also engages in philanthropy; our "Sisu Diriya" programme supports students with study spaces, meals, and tuition in core subjects, emphasising our dedication to education and youth empowerment.

OUR PEOPLE

Our achievements not only propel our business forward but also establish us as one of the top 10 leaders in the hospitality industry – a testament to the dedication of our exceptional team. The commitment of our staff, particularly during challenging times, has been pivotal to our success. Their resilience, ingenuity, and professionalism have empowered us to navigate uncertainties and emerge stronger. We hold profound gratitude for their contributions and continuously invest in our people through a range of initiatives. These encompass professional development programmes, well-being initiatives, and recognition schemes crafted to nurture and inspire our employees. By fostering a supportive and enriching work environment, we ensure that our team remains our most valuable asset.

The People aspect is a pressing challenge for Sri Lanka's hospitality industry, as the prevailing shortages of human capital can hamper its ability to capitalise on forthcoming opportunities. In order to address

OUR "SISU DIRIYA" PROGRAMME SUPPORTS STUDENTS WITH STUDY SPACES, MEALS, AND TUITION IN CORE SUBJECTS, EMPHASISING OUR DEDICATION TO EDUCATION AND YOUTH EMPOWERMENT.

this issue, Hayleys Leisure took the proactive step to establish the Hayleys Leisure Training Academy (HLTA). HLTA offers a comprehensive curriculum focusing on the development of soft skills and industry-specific knowledge, including hands-on training across all properties of Amaya Resorts & Spas and The Kingsbury. The second phase of this initiative was completed this year, eliciting enthusiastic participation from candidates. Graduates were subsequently offered employment within Hayleys Leisure PLC, underscoring the effectiveness and impact of HLTA in addressing labour shortages while nurturing local talent.

LOOKING FORWARD

The dynamic evolution of the tourism industry offers a plethora of opportunities for growth and innovation. By remaining vigilant to trends such as digital transformation and shifting consumer preferences, we can foster sustainable expansion and assert our leadership within the industry.

Amaya Resorts and Spas is uniquely positioned to capitalise on the burgeoning influx of tourists to Sri Lanka. Leveraging its strategic locations and with a keen focus on niche markets, the company stands primed for enduring growth. Furthermore, our commitment to ESG is unwavering, with a comprehensive roadmap aligning closely with the Hayleys Life Code. We have integrated measures aimed at reducing emissions, including the implementation of carbon net-zero strategies alongside the adoption of CRRO and SRRO frameworks. These initiatives reflect our proactive stance in addressing

environmental, social, and governance challenges, all planned to drive positive change.

APPRECIATIONS

I wish to extend heartfelt appreciation to my colleagues on the Board for their unwavering support and trust. Your strategic insights have been instrumental in guiding our company along a trajectory of sustainable growth and prosperity.

It is with a heavy heart that I note the passing of Mr. Johann Wijesinghe, a Non-Executive Director on our Board. Throughout his tenure, Mr. Wijesinghe made invaluable contributions, offering profound insights, guidance, and leadership that have shaped our direction and success.

I would also like to acknowledge the dedicated service of Mr. Harsha Amarasekara who resigned from the Board of Hayleys Leisure PLC during the year in accordance with CSE requirements.

We are pleased to welcome two distinguished new members to our Board: Ms. Anomi Indira Wanigasekera, and Ms. Kawshi Amarasinghe, both appointed as Independent Non-Executive Directors. Their extensive expertise and diverse perspectives will undoubtedly enhance our continued growth and success.

I wish to express my deep appreciation to Mr. Rohan Karr, the Managing Director of Hayleys Leisure PLC, and his dedicated team. Their steadfast perseverance and passion have been integral to upholding the integrity and promise of the Hayleys Leisure brand.

Finally, I extend my profound gratitude to our valued customers, whose unwavering support inspires us daily, as well as to our shareholders, business partners, and all other stakeholders. As we look ahead, I am filled with optimism that through our collective goals, we will chart a course towards a future brimming with promise and potential.



Mohan Pandithage
Executive Chairman

06 May 2024

Managing Director's Review

AT OUR RESORTS, WE
PRIDE OURSELVES
ON DELIVERING
EXCEPTIONAL
EXPERIENCES THAT
NOT ONLY MEET BUT
EXCEED GUESTS'
EXPECTATIONS
WHILE ALSO MAKING
A POSITIVE IMPACT
ON THE LOCAL
COMMUNITY.



To Our Valued Stakeholders,

The performance of the year ending 31st March 2024 is a testament to our steadfast commitment to deliver extraordinary experiences despite the complexities that defined the past year. We were propelled forward by our collective spirit of resilience, adaptability, and commitment to excellence. I am optimistic that new horizons of growth and prosperity are ahead for the Sri Lankan hospitality industry.

MARKET OVERVIEW

In 2023, the global tourism industry witnessed a revival, as the world gradually returned to normalcy from the pandemic-induced hiatus. Global tourism recorded an estimated 1.3 billion international travellers – a 34% surge in arrivals compared to the previous year. This resurgence, though gradual, signifies a promising return to pre-pandemic levels by 2024, according to the UNWTO World Tourism Barometer. It is a pivotal moment for the tourism industry to capitalise on new opportunities; notably, the Asia-Pacific region lags behind the Middle East, Europe, and North America in terms of recovery.

Amidst this global resurgence, Sri Lanka's tourism sector, battered by its own black swan events before and after the pandemic, welcomed over 1.4 million tourists in 2023, igniting a spark of optimism across the industry value chain and showcasing the resilient spirit of its people. With tourism earnings soaring beyond USD 2 billion, Sri Lanka's journey towards prosperity stands as a testament to its enduring allure and boundless potential.

The positive trend of 2023 continued in 2024, with the industry soaring to new heights during the first quarter, surpassing USD 1 billion in earnings in

the first quarter alone – a remarkable 103% growth compared to the same period last year.

Sri Lanka has set its sights on attracting 2.3 million visitors and generating over USD 4 billion in revenue by the end of 2024. This strategic focus not only underscores our commitment to excellence but also positions us well to seize emerging opportunities in the ever-evolving tourism landscape.

The attractiveness of Sri Lanka as a destination was recognised globally with the country marked as a top travel destination in 2024 by various publications. Forbes listed it among the top 23 Best Places to Travel in Europe/Asia, Timeout.com named it the

ultimate solo female travel destination, and CEO WORLD Magazine ranked it 5th among the 'World's Best Countries to Visit in Your Lifetime'. Additionally, Big 7 Travel highlighted Sri Lanka as one of the Top 10 Most Instagrammable Places in the world for 2023.

NAVIGATING THE OPERATING ENVIRONMENT

At our resorts, we pride ourselves on delivering exceptional experiences that not only meet but exceed guests' expectations while also making a positive impact on the local community. Our team is committed to providing personalised services tailored to the unique preferences of each guest. A key highlight of our offerings is the culinary experience, where we

WE HAVE SUCCEEDED
IN CURTAILING LOSSES
COMPARED TO THE
PREVIOUS PERIOD, WHICH
IS EVIDENT WITH THE 82%
IMPROVEMENT REPORTED
WHILE A REMARKABLE
TURNAROUND SHOWN IN
EBITDA WITH AN INCREASE
OF 828% AMOUNTING TO
RS. 462 MN.

Managing Director's Review

showcase local ingredients to offer guests an authentic taste of Sri Lanka. Across all our properties, we have created employment opportunities and supported the growth of local businesses, contributing to the development of communities alongside our operations.

In order to amplify our reach to a global audience, we have prioritised guest engagement across our digital channels by facilitating a seamless booking experience. Our superior customer ratings and increased bookings via our channels reflect the success of our investments in this direction.

Implementing SAP S/4 HANA is indeed a significant milestone for Hayleys Leisure. With its advanced capabilities in data processing and analytics, this ERP system can revolutionise the way the company manages its operations and leveraging technology to drive efficiency, productivity, and ultimately, customer satisfaction. This move reflects Hayleys Group's commitment to staying at the forefront of innovation and ensuring that its operations are equipped to meet the challenges of the future. My sincere appreciation to the dedicated project team, who managed to complete this project in a remarkable short period of three months.

Amuna Ayurveda & Wellness Retreat reopened its doors in January 2024 following a refurbishment at the property. The retreat is situated in Dambulla within Sri Lanka's Cultural Triangle, and now offers guests enhanced facilities, promising a relaxing, authentic and rejuvenating experience through Ayurvedic healing.

Amaya Resorts & Spas was recognised as a preferred accommodation option along the Pekoe Trail, an exciting new tourism offering launched in 2024. The

Pekoe Trail is a 22-stage, 300-kilometre walking trail through Sri Lanka's Central Highlands that demonstrates the country's diversity; it has been recognised as one of Nat Geo's Top 20 Travel Experiences for 2024.

FINANCIAL PERFORMANCE

Hayleys Leisure has achieved notable improvements in its financial performance by diversifying its revenue streams, which now encompass guest accommodation, culinary services, guided tours, and recreational activities. This strategic approach, combined with targeted marketing efforts and enhanced guest experiences, has driven significant revenue growth. Moreover, the revitalisation of the tourism sector has led to improvements in occupancy rates and average room rates, further bolstering Amaya Resorts' revenue outlook.

Our revenue growth trajectory has remained robust, with total revenue increasing by 88% year on year. Despite encountering challenges, we have succeeded in curtailing losses compared to the previous period, which is evident with the 82% improvement reported while a remarkable turnaround shown in EBITDA with an increase of 828% amounting to Rs. 462 Mn. highlighting the effectiveness of our cost management strategies and competitive pricing initiatives.

Maintaining financial stability and liquidity is critical to our continued success. Therefore, Amaya Resorts & Spas consistently adheres to prudent financial management practices to navigate future expansion opportunities and unforeseen financial obstacles. With total assets valued at Rs. 5.8 billion and total equity exceeding Rs. 1 billion, along with a net operating cash flow surpassing Rs. 300 million, we remain well-positioned for sustainable growth and resilience.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Environmental, Social, and Governance (ESG) principles lie at the core of our operational framework. We acknowledge and embrace our responsibility to all stakeholders, including the environment, communities, and society at large.

In line with our long-term aspirations of reducing our carbon footprint, during the year we partnered with our parent entity in conducting a third party verification of our carbon footprint, which has significantly improved the accuracy of our emission calculation. We also actively pursued initiatives aimed supporting local communities, and preserving the natural beauty and biodiversity of our surroundings. Our key efforts include comprehensive energy conservation measures, waste reduction strategies, and responsible sourcing practices, all aimed at mitigating our ecological impact.

Energy consumption for the year under review per occupied room decreased by 38% compared to the previous year.

We celebrated World Tourism Day 2023 by embracing sustainability across our properties - Amaya Beach, Amaya Lake, and Amaya Hills; the properties organised cleaning drives and planted trees to contribute to ecological preservation.

All of our properties embraced the "Skip the Straw" initiative and as a result, we have reduced the straw purchases by 25%.

At Amaya Resorts & Spas we prioritise sourcing locally and utilising environmentally friendly materials obtained from local business communities. This strategic approach not only reduces transportation emissions but also fosters positive social and environmental impacts within the communities in which we operate.

Furthermore, our dedication to sustainability extends beyond sourcing practices to encompass on-site initiatives aimed at reducing our ecological footprint. Spanning 20 acres, Amuna Ayurveda & Wellness Retreat boasts its own rice cultivation, featuring multiple varieties of heirloom rice. This holistic approach exemplifies our commitment to minimising environmental impact while supporting local agriculture and biodiversity.

Our "Sisu Diriya" programme continued to offer students preparing for the GCE Advanced Level, Ordinary Level, and Grade 5 Scholarship examinations access to dedicated study spaces, electricity, free meals, and additional support via free tuition in core subjects such as Mathematics, Science, and English, led by qualified instructors. This initiative underscores our commitment to education and fostering the prospects of future generations.

The second phase of the Hayleys Leisure Training Academy (HLTA) programme got underway this year, with much enthusiasm from participants. This is a comprehensive programme with emphasis on the development of soft skills and industry-specific knowledge, and involves on-the-job training at all properties of Amaya Resorts & Spas and The Kingsbury. The tremendous success of the first intake, which led to positive feedback from parents and candidates, resulted in the second programme attracting 470 individuals for walk-in interviews. From this pool of aspiring candidates, 60 individuals were selected to undergo the program. The candidates graduated in April 2024 and were offered employment within Hayleys Leisure Group.

In December 2023, Hayleys Leisure, as part of the Hayleys Group, partnered with HelpAge Sri Lanka (HASL) to

sponsor 20 cataract surgeries per day through the "Give the Gift of Sight" campaign. This initiative, a component of our ESG effort, provided critical vision-restoring surgeries, improving the quality of life in under privileged communities.

PEOPLE AND CULTURE

Our dedicated team plays a crucial role in delivering exceptional guest experiences and maintaining our resorts' status as premier destinations in Sri Lanka. We are committed to fostering a culture of engagement, continuous learning, and talent development to empower our staff and drive our collective success. Recognising the challenges posed by the industry's high demand and turnover rates, there is a continuous effort to upskill our workforce to ensure that our team is equipped with the necessary skills and knowledge.

LOOKING TO THE FUTURE

Our strategic focus is centred on driving revenue growth through targeted marketing initiatives, expanding our customer base, and continuously enhancing our service offerings. We are equally committed to delivering exceptional guest experiences, actively engaging our employees, and advancing sustainability efforts that align with our core values and contribute positively to our communities. By prioritising these key areas, we aim to not only strengthen our position in the market but also uphold our commitment to excellence, sustainability, and social responsibility.

Across Hayleys Leisure, we are strategically aligned to capitalise on opportunities for growth, continually enhancing our offerings to meet the diverse needs of global travellers. We have strong faith in the long-term growth prospects and resilience of

Sri Lanka's tourism sector and our capacity to significantly contribute to its sustained prosperity.

ACKNOWLEDGEMENT

I extend my heartfelt gratitude to our Chairman, Mr. Mohan Pandithage, for his leadership and vision for our company. I also extend sincere thanks to the board of directors for their steadfast support throughout the year.

I wish to express heartfelt appreciation to our dedicated team, whose commitment is instrumental to our success.

To our guests and stakeholders, your trust fuels our passion to continue to excel. Together, we are not merely creating a brand; we are crafting experiences that epitomise the essence of Sri Lankan hospitality, embodying our mission of 'Curating Happiness'.



Rohan Karr
Managing Director

06 May 2024

Board of Directors

MOHAN PANDITHAGE

Chairman and Chief Executive

[Appointed on 1st 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 Member 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, Singer [Sri Lanka] PLC and The Kingsbury PLC.

ROHAN KARUNARAJAH [KARR]

Executive Director

[Appointed on 01st June 2019]

Mr. Rohan Karr serves as the 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 United Kingdom [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 revitalising 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 1st April 2021]

Mr. Sarath Ganegoda rejoined Hayleys PLC in March 2007. He was appointed to the Group Management Committee in July 2007 and appointed to the Board in September 2009.

Mr. Ganegoda is a Fellow Member of Institute of Chartered Accountants of Sri Lanka, and Member of Institute of Certified Management Accountants of Australia. He holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

Mr. Ganegoda worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. He subsequently, held

several senior management positions in large private sector entities in Sri Lanka and overseas. He has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and was appointed as the Deputy Chairman of Alumex PLC in October 2020.

Mr. Ganegoda serves on the Boards of Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Singer [Sri Lanka] PLC, The Kingsbury PLC and Horana Plantations PLC.

RAMANI PONNAMBALAM

Non-Executive Director

[Appointed on 1st December 2011]

Ms. Ramani Ponnambalam has held several Senior Management positions in large private sector entities. She served as the Chairperson of Alliance Finance Company PLC, as a Director of McLaren Holdings Ltd & GAC Shipping Ltd. She has also been in roles of international and local business development and negotiation.

Ms. Ponnambalam currently serves as a Director of The Kingsbury PLC, Macbertan Holdings [Pvt] Ltd and Pidilite Lanka [Pvt] Ltd. She is presently the Managing Director of Macbertan [Pvt] Ltd. 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.

WARINI DE COSTA

Non-Executive Director

[Appointed on 1st July 2014]

Ms. Warini 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.

Ms. 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.

Ms. De Costa 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.

RANIL DE SILVA

Independent Non-Executive Director
[Appointed on 1st September 2021]

Mr. Ranil De Silva is a Fellow Member of the Chartered Institute of the Management Accountants UK, an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Member of the Chartered Institute of Marketing UK.

Mr. De Silva is a Director of Lanka Shipping & Logistics (Pvt) Ltd. He also serves as an Independent Non-Executive Director on the Boards of Singer Finance (Lanka) PLC, The Kingsbury PLC, Alumex PLC, The Autodrome PLC, Lanka Shipping & Logistics (Pvt) Ltd and Central Industries PLC.

Mr. De Silva has served as the Joint Managing Director of Aitken Spence Hotel Management (Pvt) Ltd, and as the Managing Director of the Hemas Hotel Sector. An alumnus of Ernst & Young, he has wide experience locally and overseas in diverse industries.

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.

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

ANOMI WANIGASEKERA

Independent Non-Executive Director
[Appointed on 3rd January 2024]

Ms. Anomi Wanigasekera holds an LLM degree from the University of Wales and has obtained post graduate diplomas in Intellectual Property Law, International Trade Law, Banking, and Insurance Law from the Institute of Advanced Legal Studies of the Incorporated Council of Legal Education.

Ms. Wanigasekera is a Partner at Julius & Creasy, a prominent law firm, in Sri Lanka. She has a wealth of experience of over 39 years as a commercial lawyer, who specialises in the field of intellectual property, she heads the Intellectual Property Division of the firm. She also overlooks the drafting and reviewing of contracts and advises on regulatory and compliance matters.

Ms. Wanigasekera is a Life Member of the Bar Association of Sri Lanka as well as the Law Society of Sri Lanka. Additionally, she serves as a Council Member of the Asian Patent Attorneys Association (APAA) and holds the position of Vice President of the APAA Sri Lanka Group. She is also a Member of the International Trademark Association (INTA) and currently chairs the INTA South Asia Anti-Counterfeiting subcommittee for the term 2024/2025 and serves as a Council member of INTA India & South Asia Global Advisory Council.

Throughout her career, Ms. Wanigasekera has contributed significantly to the field of intellectual property and commercial law through her publications. Some of her notable works deal with the comparison of Hague-Visby rules and Hamburg rules; patent protection in Sri Lanka; the fair use and protection of copyright; protection of geographic Indications in Sri Lanka; protection of IPR at the borders - customs enforcement procedure in Sri Lanka; enforcement and protection against unauthorised disclosure of undisclosed information; protection of well-known marks in Sri Lanka; and on parallel imports.

KAWSHI AMARASINGHE

Independent Non-Executive Director
[Appointed on 3rd January 2024]

Ms. Kawshi Amarasinghe's holds a Bachelor's Degree in International Studies from the University of Queensland, Australia, with a specialisation in French Studies from the University of Lausanne, Switzerland. Complementing her global perspective, she has earned a Certificate in Management Acceleration from INSEAD Business School in France and is versed in Hotel Revenue Management from Cornell University, USA.

Ms. Amarasinghe holds the position of Group Director of International Business Development & CSR at Vallibel One PLC. She is also a Director of Fortress Resorts PLC, Greener Water Ltd, and Pan Asia Banking Corporation PLC. She also serves as the Chief Executive Officer of the Dhammika & Priscilla Perera Foundation in which she is dedicated to the Foundation's goal of democratising access to premium education and healthcare services through DP Education.

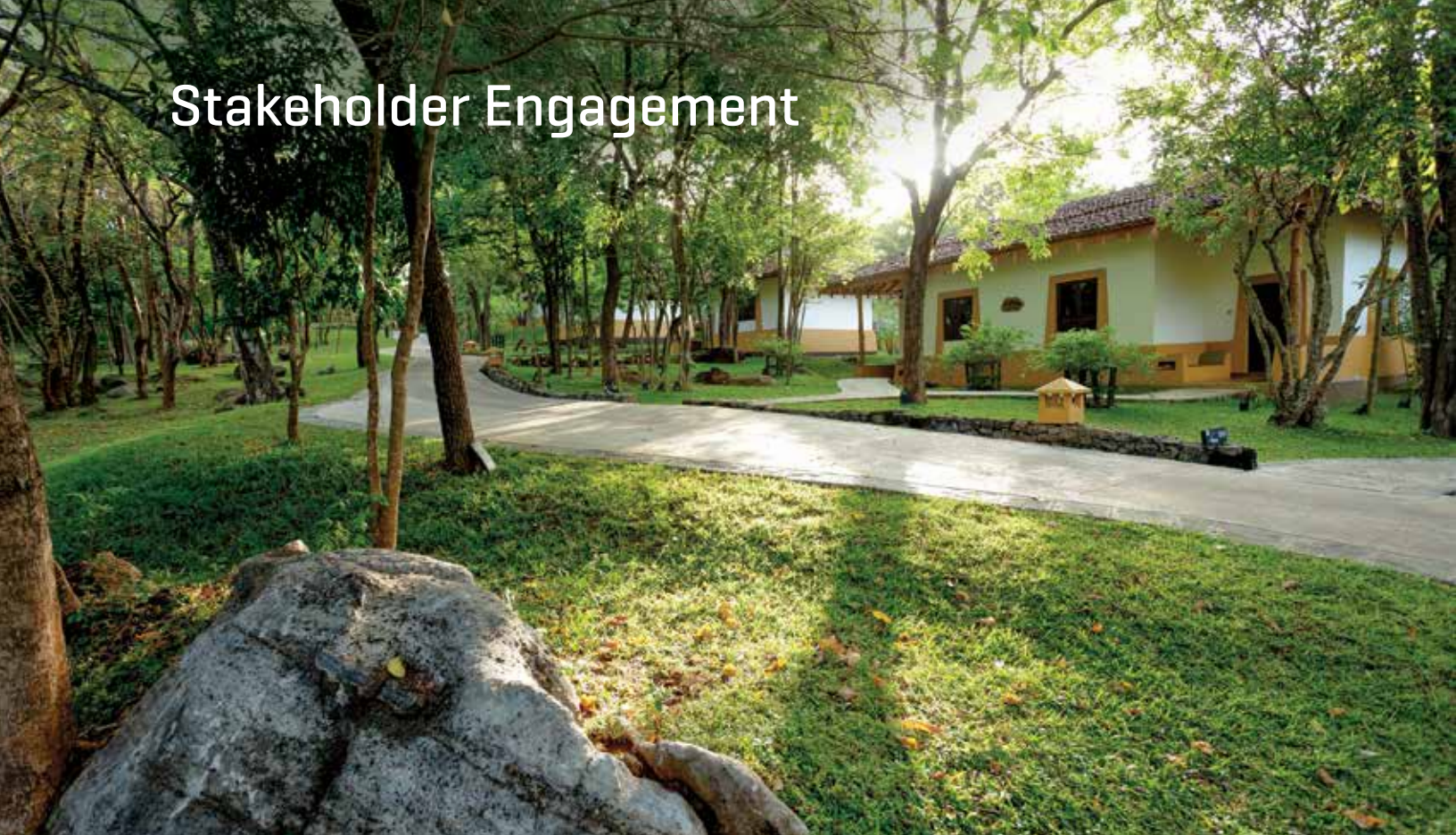
Value Creation Model

The Value Creation Model shown below depicting how we use resources in generating value to all our stakeholders. The Model is developed based on the six capitals prescribed by the Integrated Reporting Framework.



OUTPUTS	OUTCOMES	STAKEHOLDERS IMPACTED	
Total revenue Rs.2,878 Mn EBITDA Rs.[56 Mn]	Earnings per share Rs.[1.04] Share price movement [17%]	Shareholders Employees	
Upgrades to properties	Capital expenditure Rs.151 Mn	Customers Employees	
Total training hours 33,267	Salaries and benefits to employees Rs.803 Mn Employee attrition rate 29%	Employees	
Our brand rating as per Trip Adviser EXCELLENT	Customer Attracted locally and globally 186,835	Employees Customers Shareholders	
Community Benefited 2,816	Investment in community empowerment initiatives Rs. 106 Mn	Customers Communities	
Carbon footprint 12,744 tCO2e	Reduction in Electricity consumption per occupied night 37%	Communities	

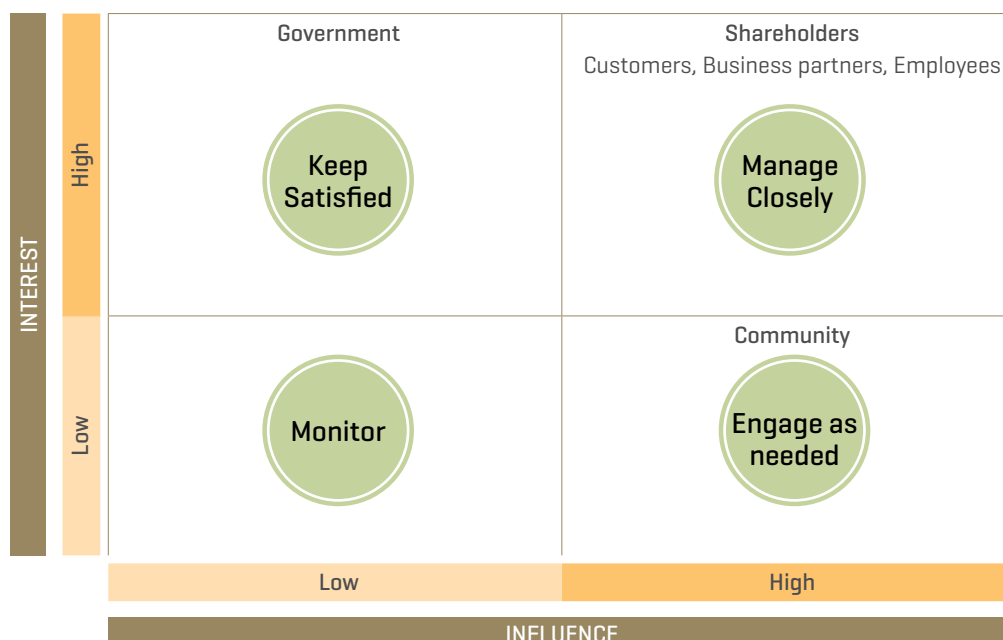
Stakeholder Engagement



Stakeholder engagement refers to the process of building and maintaining relationships with individuals, groups, or organisations that have vested interest in the company. Effective stakeholder engagement is essential for fostering trust, transparency, collaboration, and it plays a crucial role in achieving organisational goals and sustainability.

Stakeholder engagement involves identifying and understanding the needs, concerns, and expectations of stakeholders, as well as incorporating their perspectives into decision-making. Effective stakeholder engagement nurtures trust, transparency, and collaboration, leading to informed decisions and better outcomes for all parties involved.

Stakeholder influence on Value Creation at Hayleys Leisure





SHAREHOLDERS

Significance of the relationship	Fuels the company's growth and enhances shareholder value through the provision of essential financial resources.
Modes of Engagement	Annual General Meetings, Extra-ordinary General Meetings Periodic publications <ul style="list-style-type: none"> · Annual report (print and online version) · Quarterly Financial Statements · Announcements made to the CSE. Corporate websites of Amaya Resorts & Spas and Hayleys PLC https://www.amayaresorts.com https://www.hayleys.com/investor-relations
Key Concerns and Expectations	Impact of the socio, political and economic challenges on the business operations Generation of shareholder returns amidst high tax, high inflation conditions Effective Governance and risk management Competency of the Board and Management Integration of ESG practices
Our Approach	Strategic realignment in response to external environment Strengthening Governance and Risk Management Framework of HLP.
Notable outcomes	Net asset value per share – Rs. 12.45 Share price as at 31 march 2024 – Rs. 20.00



CUSTOMERS

Significance of the relationship	Ensures satisfaction, loyalty, and sustained revenue streams through delivering quality products & services
Modes of Engagement	Customer relationships Feedback on social media and channel partner's Corporate websites of Amaya Resorts and Spas Booking engine reviews Customer satisfaction surveys Brochures, itineraries, magazines, other publications
Key Concerns and Expectations	Quality of products and service inflation , Safety and privacy ,Integration to sound ESG practices
Our Approach	Pricing strategy linked with enhanced value for money. Realignment of processes and resources ESG commitment in line with Hayleys Life code
Notable outcomes	Trip Advisor average rating of 4.5/5 Average rating of 8.5/10 across all 3 properties on booking.com

Stakeholder Engagement



EMPLOYEES

Significance of the relationship	Fosters a positive work environment, encourages productivity, and promotes employee satisfaction, retention, and development, ultimately driving organisational success.
Modes of Engagement	Training and Development Employee recognition programmes, Periodic staff meetings Organised grievance handling procedure Employee volunteerism for CSR Staff recreation
Key Concerns and Expectations	Job security and financial security Training Career advancement Diversity and inclusion Work life balance
Our Approach	No layoffs, no salary cuts and no benefit curtailment. Salaries on par with market rates Continued investments in training and development
Notable outcomes	21% female representation in managerial category Training hours per employee 47.3



BUSINESS PARTNERS

Significance of the relationship	Nurtures cooperation, innovation, and cultivates opportunities for mutual growth, thereby advancing shared objectives and generating value for all stakeholders
Modes of Engagement	First hand interactions Visits to business partners Contractual agreements Periodic forums
Key Concerns and Expectations	Undisrupted business relationships Flexibility of payment terms Fair pricing Revised terms and conditions in response to the external challenges
Our Approach	Strengthened relationships with channel partners Mutual support and understanding in response to crisis Fair pricing structure
Notable outcomes	Rs. 1,409Mn paid to suppliers



GOVERNMENT

Significance of the relationship	The Government influences regulatory compliance, public policies, and market conditions, shaping the operating environment and impacting the company's reputation, and strategy
Modes of Engagement	Direct engagements in matters concerning the industry Timely reporting to relevant regulatory bodies, on time payment of taxes
Key Concerns and Expectations	Contribution to the economy through tourism revenue and job creation Contribution to fiscal revenue through timely and accurate tax payments Environmental preservation communities upliftment
Our Approach	Timely payment of corporate taxes Working with the Sri Lanka Tourism Development Authority in promoting Sri Lanka in the global tourism market Active dialogue with Government authorities in devising strategies for Lankan tourism sector revival
Notable outcomes	Rs. 489 Mn paid in taxes complying with applicable laws and regulatory requirements.



COMMUNITY

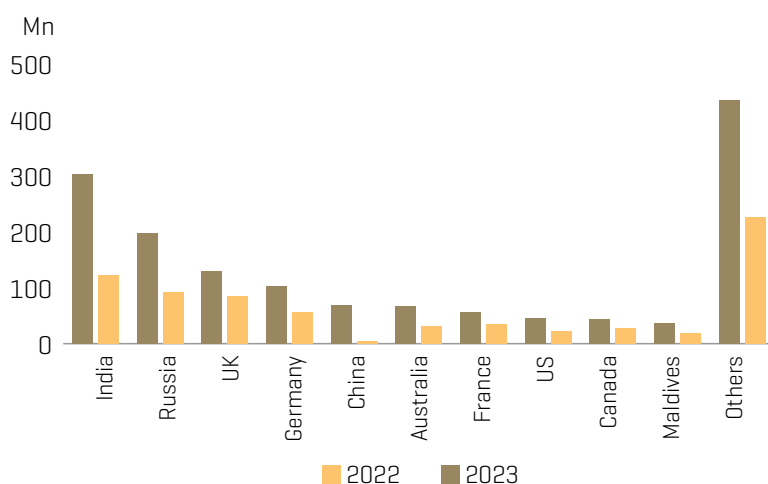
Significance of the relationship	Fosters social responsibility, goodwill, and sustainable practices, contributing to positive societal impact and brand reputation.
Modes of Engagement	Corporate social responsibility initiatives & community empowerment Social media platforms
Key Concerns and Expectations	Patronage of local communities in sourcing and employment creation Capacity building initiatives Support to local communities in facing the adversities of the economic crisis Biodiversity and eco-systems preservation
Our Approach	Sisu Diriya initiative – supporting local village children during the power crisis to continue education Hayleys Leisure Training Institute
Notable outcomes	570 local students graduated from the Hayleys Leisure Training Institute 155 trees planted during the year

Operating Environment

GLOBAL TOURISM PERFORMANCE

Global Tourism	Sri Lanka Tourism
An estimated 1,286 million international tourists	Total tourist arrivals during calendar year [CY] 2023- 1,487,303
International tourism recovered 88% of pre-pandemic levels in 2023, supported by strong pent-up demand.	Total tourist arrivals Jan – Mar 2024 - 635,784
Middle east -122% above pre pandemic levels.	Total tourism revenue 2023- USD 2,068
Europe 94% of pre-pandemic levels	Total tourism revenue Jan – Mar 2024 USD 1,026
Africa 96% pre-pandemic levels	
Americas 90% pre-pandemic levels	
Asia and the Pacific reached 65% pre-pandemic levels	

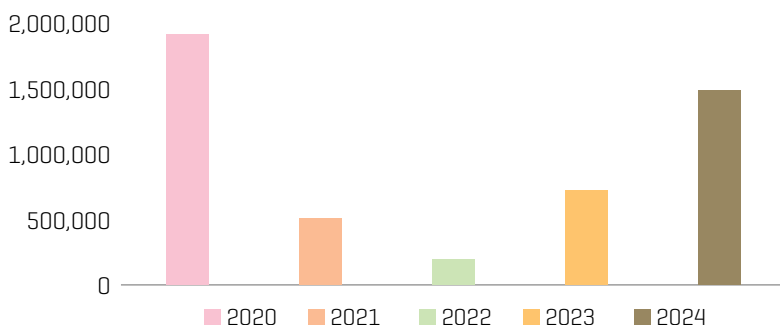
INTERNATIONAL TOURIST ARRIVALS



The Sri Lankan Tourism Industry is on the path to recovery , with 1.4 mn tourist arrivals recorded for the year a 103% increase compared to 2022. Tourism revenue recorded USD 2 bn in revenue for the 2023 calender year. The tourism revenue exceeded USD 1bn alone just for the 1st quarter of 2024.

The top 3 source markets for the year were India, the Russian Federation, the United Kingdom respectively, contributing to ~ 42 % of tourist arrivals to the country.

SRI LANKA TOURIST ARRIVALS



SRI LANKAN TOURISM PERFORMANCE

Arrivals

1,487,303

Average Stay

8.44 Nights

Revenue

USD **2,067.96** Mn

USD **2.07** Bn

Rs. **677,360.3** Mn

Receipt Per Tourist

USD **164.4**

MALDIVIAN TOURISM SECTOR PERFORMANCE

Arrivals: **1,878,543**

Average Stay: **7.6** days

Maldives exceeded its arrivals target for 2023 of 1.8 million with total arrivals of 1,878,543 for the year. The trend continued in to 2024 with 604,004 arrivals recorded for the first quarter of 2024,

The average duration of stay in Maldives was 7.6 days for the year. India continued to dominate the market followed closely by Russia and China respectively.

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

Macro-economic challenges	Impact on the tourism sector and Hayleys
Economic Instability	Economic instability due to factors such as political uncertainty, high government debt, and fluctuations in exchange rates and inflation. Economic instability can deter foreign investment and affect tourism demand, directly impacting the hotel sector.
Security Concerns	Civil unrest, can negatively impact the tourism industry, leading to decreased visitor arrivals and hotel bookings.
Infrastructure Development	Inadequate infrastructure, including transportation networks, roads, and utilities, can hinder the growth of the hotel sector. Limited access to essential services and attractions may deter tourists from visiting certain areas, affecting hotel occupancy rates. As Hayleys leisure has several properties all across the island. A key deterrent for hotel guests is the distance and time taken to travel from Colombo.
Skills Shortages	The hotel sector requires a skilled workforce to deliver high-quality services. However, there may be shortages of trained personnel, particularly in specialised areas such as hospitality management, culinary arts, and guest services. Migration trend post economic crisis and competition in the sector has led to high labour turnover rates.
Regulatory Environment:	Regulatory challenges such as cumbersome bureaucratic procedures, the newly imposed tax regime are barriers to hotel development and operations. Streamlining regulatory processes and ensuring transparency can enhance the business environment for hoteliers.
Environmental Sustainability	Sri Lanka's natural environment is a significant attraction for tourists, but unsustainable practices, pollution, and deforestation, can degrade ecosystems and diminish the country's appeal. Embracing sustainable practices in hotel operations and promoting eco-friendly tourism can mitigate these challenges.
Competitive Pressures	The hotel sector faces intense competition both domestically and regionally. Competing destinations at lower prices, impact Sri Lanka's competitiveness. We continually innovate and differentiate our offerings to attract visitors and maintain market share.

Operating Environment

Opportunities / Way forward and Risks for Hayleys Leisure PLC

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.

Potential 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 ESG related aspects, and making our operations more inclusive and dynamic, thereby more attractive amongst a wider range of customers

Strengthening our market position in Maldives given the country's thriving tourism sector

Creating skilled labour through the Hayleys Leisure Training Institute with benefits extended to the overall tourism sector

The strength of the Hayleys Group brand along with Amaya leisure brand including our boutique hotel collection

Risks and our responses

Economic situation of the country

- Although gradually improving key economic indicators such as inflation, exchange rate and interest rates fluctuations 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 optimisation through working capital management, etc., will help mitigate the impact.

High attrition of skilled labour

- 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 across Sri Lanka and Maldives, providing talent exchange between properties.

Greater scrutiny on the tourism sector in combating climate change

- 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.

Impact of climate change on tourism

- 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 going forward.
- Our response: Strategic commitment to environmental preservation, reducing our carbon footprint and greening our processes, under the guidance of the Hayleys PLC's Life code - the framework that integrates ESG targets and goals into business strategy across all our business sectors.

Cyber risk

- 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.

Competition

- 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: Improving the strength of Amaya and Hayleys brands synonymously with exceptional guest experiences and our robust network of global tour operators help mitigate the risk of competition.

Our ESG Pledge

The ESG pledge demonstrates our commitment to sustainability, ethical practices, and responsible corporate governance.

The ESG guidelines set out by the parent company Hayleys PLC and Hayleys life code serves as a group manual for all our governance practices.



Hayleys Group commitment to UN Sustainable Development Goals is shown below. The Group has identified and prioritised the SDGs which are most relevant to its operations.



Our ESG Pledge

Our ESG Scorecard – Key highlights

Environmental Initiatives	Social/ Community Empowerment	Governance Initiatives
<ul style="list-style-type: none"> • Coral Restoration in Maldives • Energy & Water saving measures • Transitioned to bio degradable packaging for bath amenities • Tree planting initiatives • Beach Clean-Up activities • Skip the Straw Campaign <p>12,744 tCO2e Carbon foot print</p> <p>155 Trees planted</p> <p>page 58 Natural Capital</p>	<ul style="list-style-type: none"> • Engage with local communities to address social challenges, promote education, healthcare, and economic development, and contribute positively to society. • Support philanthropic initiatives and volunteerism efforts that align with our values and priorities, making a meaningful difference in the lives of others. <p>page 44 Human Capital</p> <p>page 52 Social and Relationship Capital</p> <p>Sisu Diriya initiative Hayleys Leisure Training Academy</p> <p>18% female Composition of our team</p>	<ul style="list-style-type: none"> • Ensure integrity, fairness, and ethical conduct in all business dealings, transactions, and relationships. • Safeguard shareholder interests and stakeholder rights through effective oversight, risk management, and compliance mechanisms. • Uphold legal and regulatory requirements and strive for continuous improvement in governance practices to enhance shareholder value and trust. <p>page 64 Corporate Governance</p> <p>Adhered to all applicable laws and Governance guidelines.</p>

Integration and Reporting:

We have Integrated ESG considerations into our strategic planning, risk management, performance evaluation, and investment decisions.

Communicate openly and transparently with stakeholders about our ESG commitments, initiatives, progress, and challenges.

By pledging to uphold these principles, HLP reaffirms our dedication to responsible business practices, sustainability, and long-term value creation for all stakeholders. We recognise that achieving our ESG goals requires collective effort, collaboration, and continuous improvement, and we are committed to leading by example and inspiring positive change.



Hayleys Leisure PLC's key ESG promises:



Protection of the eco-systems

To preserve and protect natural ecosystems, including forests, wetlands, and marine habitats, through biodiversity conservation, and sustainable land use.



Employment based skill development

Opportunities for skill development and vocational training to its employees, enhancing their employability, career advancement prospects



Livelihood development

Support communities surrounding our operations, by providing training and local sourcing to empower individuals and promote economic self-sufficiency.



Improving health and sanitation

Support initiatives such as hygiene education, access to clean water and sanitation facilities, healthcare support services and health camps.



Promoting art and culture

Showcasing local arts and crafts, supporting cultural events and festivals, and collaborating with artists and artisans to preserve and celebrate cultural heritage.



Education for the youth

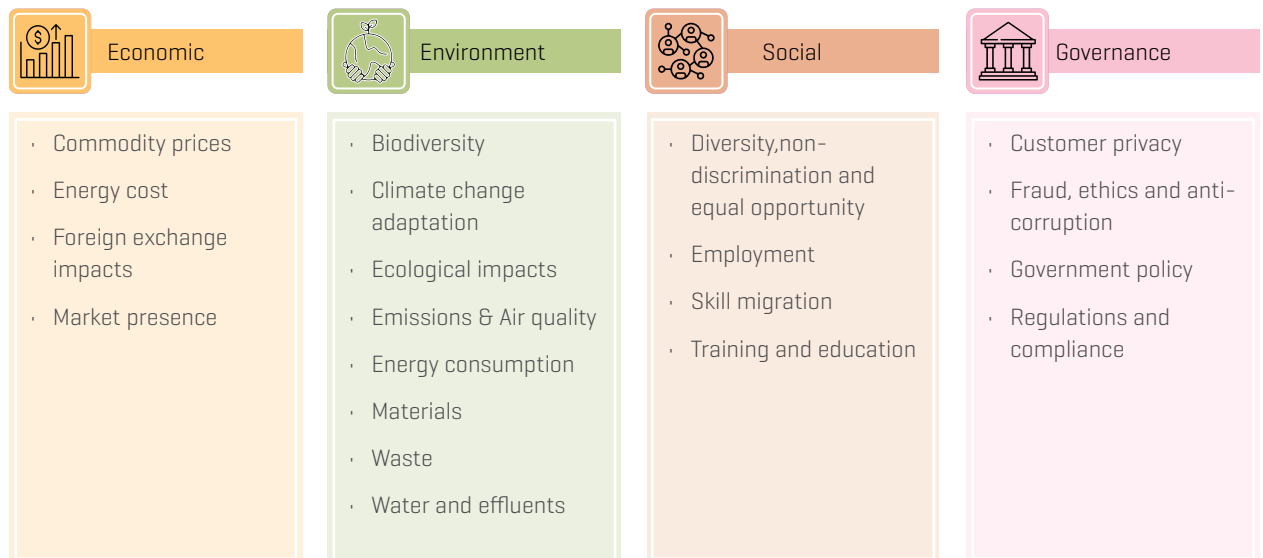
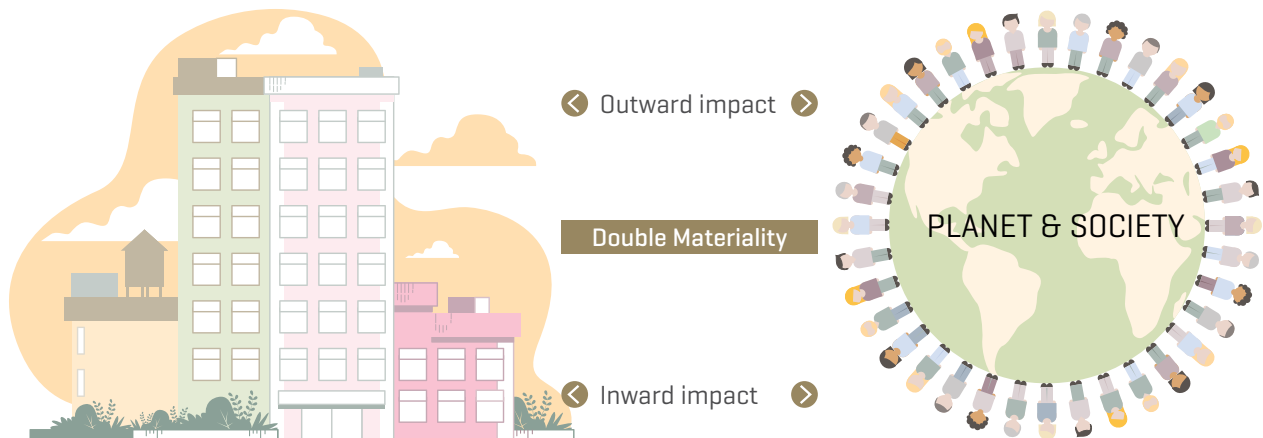
Invest in education initiatives to provide access to education, scholarships, and educational resources to support their academic growth, and career growth through programmes such as the Hayleys Leisure Training Academy (HLTA)



Material Matters

DOUBLE MATERIALITY

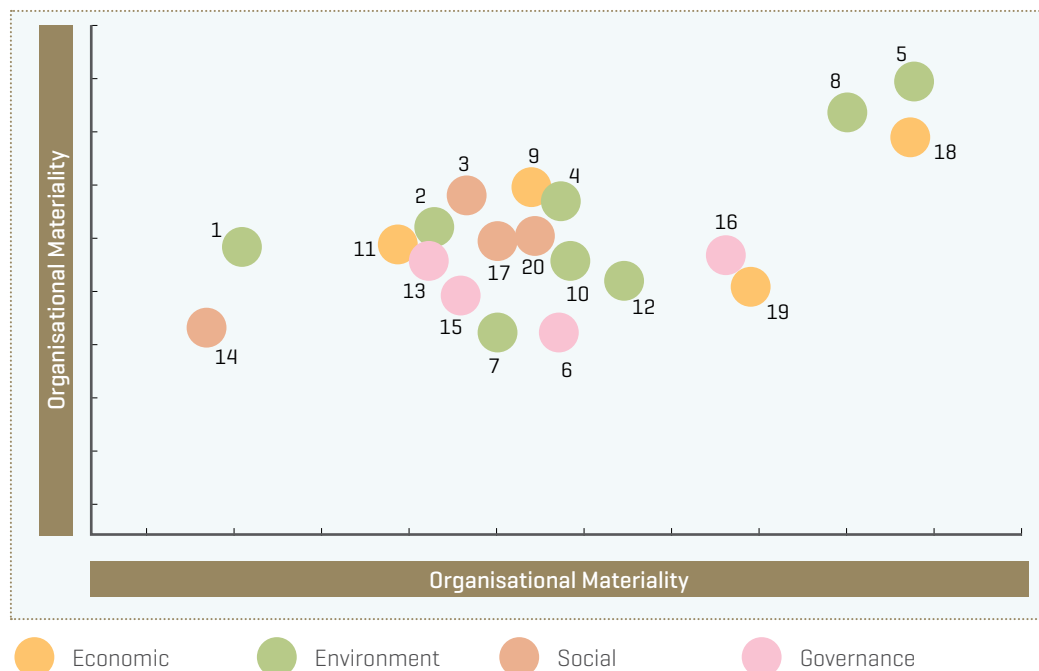
At Hayleys, in our ESG and sustainability reporting we have incorporated double materiality. This concept is the union of impact materiality and financial materiality. This acknowledges risks and opportunities from both financial and non-financial perspectives. This concept requires companies to disclose not only how sustainability issues affect them, but also how their operations and activities affect the environment and society at large as shown below.



GLOBAL TOURISM PERFORMANCE

	Topic	Category	GRI reference
1	Water and effluents	Environment	303
2	Energy consumption	Environment	302
3	Employment	Social	401
4	Ecological impacts	Environment	Non-GRI
5	Climate change adaptation	Environment	Non-GRI
6	Regulations and compliance	Governance	2-27
7	Biodiversity	Environment	304
8	Emissions & Air quality	Environment	305
9	Market presence	Economic	202
10	Materials	Environment	301
11	Energy cost	Economic	Non-GRI
12	Waste	Environment	306
13	Customer privacy	Governance	418
14	Diversity, non-discrimination and equal opportunity	Social	405
15	Government policy	Governance	Non-GRI
16	Fraud, ethics and anti-corruption	Governance	205
17	Skill migration	Social	Non-GRI
18	Foreign exchange impacts	Economic	Non-GRI
19	Commodity prices	Economic	Non-GRI
20	Training and education	Social	404

IMPACT OF DOUBLE MATERIALITY





MANAGEMENT DISCUSSION AND ANALYSIS



MAGNIFIED POTENCY

As the industry transforms, so does our determination to remain poised for new propositions, and newly-cut objectives; with that, our penchant for profound and practical analysis, and our inclination to explore insightful tactics for value generation shape us for robust growth.

Management Discussion and Analysis



FINANCIAL CAPITAL

WE ARE OPTIMISTIC ABOUT THE COMPANY'S FINANCIAL PROSPECTS AND GROWTH OPPORTUNITIES. DESPITE CHALLENGES POSED BY THE ECONOMIC SITUATION WE BELIEVE OUR STRONG BRAND REPUTATION, CUSTOMER LOYALTY, AND STRATEGIC INVESTMENTS WILL POSITION US WELL FOR CONTINUED SUCCESS.



We maintained a strong focus on managing our financial capital efficiently. Our revenue increased from Rs. 1,532 Mn to Rs. 2,878 Mn by 88% compared to the previous period. We continued minimise losses to Rs.145 Mn by 82%. Our cash flow management strategies ensured adequate liquidity to support our operations and investment initiatives. Effective cost management measures and strategic pricing strategies contributed to maintaining our loss at Rs. 145 Mn. Our prudent financial management ensured sufficient liquidity to support operations.

FINANCIAL CAPITAL OUTCOMES DURING THE YEAR:



88%

Increase in revenue



82%

Reduction in post-tax loss



Rs.145Mn

Post tax loss of

INTER-LINKS WITH OTHER CAPITALS

- **Human Capital:** Supports investments in training programs and talent development initiatives, enhancing workforce skills and capabilities
- **Social Capital:** Enables investments in community engagement programs, corporate social responsibility initiatives
- **Natural Capital:** Funding environmental conservation projects, sustainable resource management practices, and eco-friendly initiatives
- **Social Capital:** Enables investments in community engagement programs, corporate social responsibility initiatives, and stakeholder relationship management efforts.

CONTRIBUTION TO SDG'S



What constitutes our financial Capital

Equity capital in the form of shareholder funds and debt capital in the form of loans and liabilities and all our liquid assets.

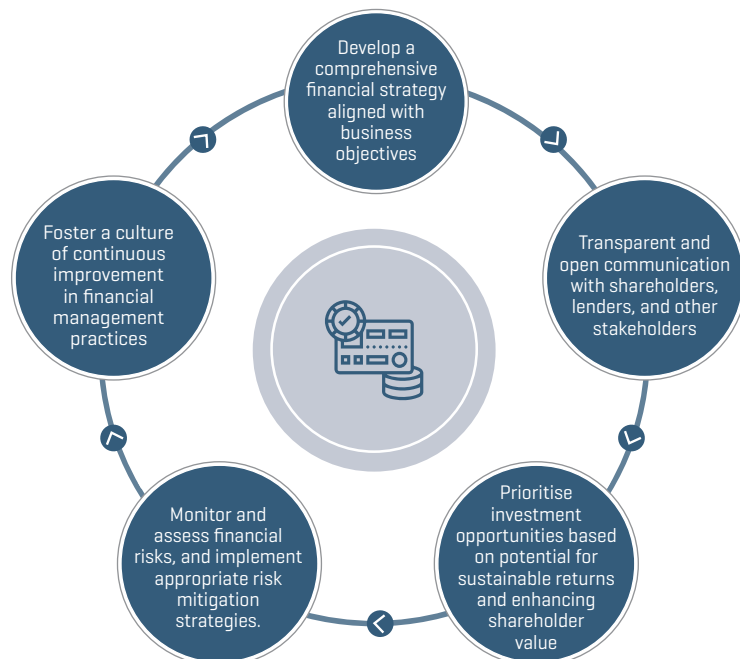
How financial Capital enhances our value creation process

Critical aspect of value creation by providing the resources necessary to support strategic initiatives and drive business growth

Key risks and mitigating action

Key risks	Mitigating action
Economic Down turn	Diversification of revenue streams to reduce dependency on specific markets or segments. Implementing cost reduction measures and efficiency improvements
Currency Exchange Risk	Diversification of currency exposures across multiple markets Monitoring of macroeconomic factors and geopolitical events that may influence currency exchange rates.
Financing Constraints	Optimising capital structure and debt levels to maintain financial flexibility Investing in operational efficiency and profitability to improve creditworthiness and attract investment.
Interest Rate Risk	Monitoring central bank policies and economic indicators to anticipate changes in interest rates.
Market Volatility	Diversification of investment portfolios across asset classes to spread risk and reduce exposure to market fluctuations.

Opportunities and way forward

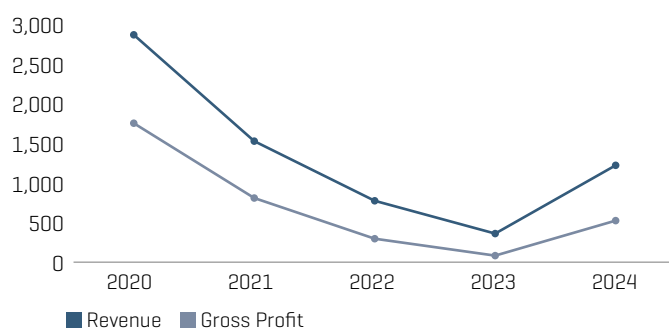


Management Discussion and Analysis

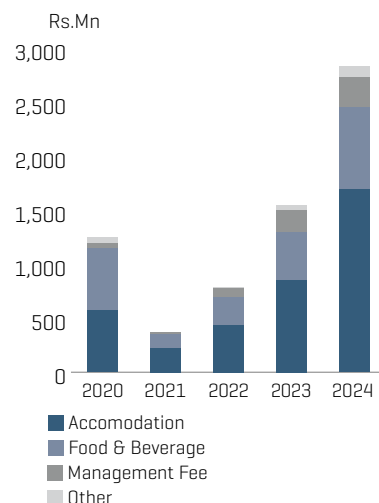
Financial Management Performance

	2023/24	2022/23	YoY change
Revenue			
Sales Revenue	2,877,808	1,531,664	88%
Cost of sale	[1,118,549]	[720,182]	55%
Gross Profit	1,759,259	811,482	117%

5 YEAR GP AND PBT TREND

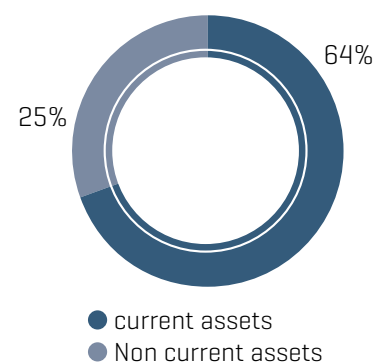


5 YEAR SEGMENTAL REVENUE DISTRIBUTION



	2023/24	2022/23	YoY change
Cost			
Selling and marketing expenses	[68,963]	[35,740]	[93%]
Administrative expenses	[1,595,764]	[1,246,796]	[28%]
Finance cost	[385,348]	[521,921]	26%
Profitability and taxes			
Loss before tax	[154,507]	[892,029]	83%
Loss for the year	[145,986]	[824,430]	82%

Composition of Total Assets



	2023/24	2022/23	YoY change
Total Assets	5,815	5,409	8%
Non Current Assets	4,805	4,745	1%
- Property Plant and Equipment	4,512	4,447	1%
- Other Non-current assets	293	298	[2%]
Current Assets	1,010	664	52%
- Inventories	99	117	[15%]
- Trade & other receivables	706	361	96%
- Other current assets	205	186	10%

Times	2024	2023	YoY change
Current Ratio [times]	0.36	0.32	13%
Quick Asset Ratio [times]	0.33	0.26	24%

Cash flows

Rs.	2023/24	2022/23	YoY change
Net cash from/(used in) operating activities	323,798	[173,504]	287%
Net cash from/(used in) investment activities	[132,471]	[65,858]	[101%]
Net cash from/(used in) financing activities	[193,261]	140,954	[237%]
Net increase/(decrease) in cash and cash equivalents	[1,934]	[98,408]	98%

FINANCIAL PERFORMANCE:

Hayleys Leisure demonstrated a revenue of Rs. 2,878 Mn, representing a 88% increase compared to the previous year. This growth was driven by strong demand across all segments of our business, including accommodation, food and beverage, and leisure activities. Net loss for the year was Rs. 145 Mn also saw a significant improvement of reducing loss by 82% reflecting our continued focus on operational efficiency and cost management initiatives.

REVENUE STREAMS:

Our revenue streams remained well-diversified, with accommodation income contributing 59% of total revenue, food and beverage operations accounting for 27%, and Management Fee generating 9%. Additionally, ancillary services such as spa treatments, recreation, and venue charges make up of our total revenue. We continue to explore opportunities to enhance revenue growth through targeted marketing campaigns, strategic partnerships, and product innovation initiatives.

COST STRUCTURE:

Despite revenue growth, we successfully managed our cost structure to maintain and improve margins. Operating expenses were closely monitored and controlled throughout the year, with a focus on optimising resource utilisation and reducing non-essential expenditures. Cost-saving measures were implemented across various departments

CAPITAL EXPENDITURES:

In response to the recovering economy and the revitalisation of the tourism sector, we made strategic investments to bolster our operational capabilities, positioning us for continued success in the dynamic market ahead

LIQUIDITY AND CAPITAL RESOURCES:

Hayleys Leisure maintained a strong liquidity position throughout the year, with cash and cash equivalents totalling Rs. 136 Mn. Our prudent financial management approach enabled us to effectively manage working capital requirements and fund capital expenditure projects. We continue to have access to a Rs. 530 Mn credit facility to support our growth initiatives and strategic objectives.

FINANCIAL RISK MANAGEMENT:

The company remains committed to proactive financial risk management practices to mitigate potential risks and uncertainties. We closely monitor market conditions, interest rate fluctuations, and currency risks to anticipate and respond to emerging threats effectively. Additionally, we maintain a diversified funding structure and employ hedging strategies to minimise exposure to adverse financial market movements.

Financial Outlook:

Looking ahead, we are optimistic about the company's financial prospects and growth opportunities. Despite challenges posed by the economic situation we believe our strong brand reputation, customer loyalty, and strategic investments will position us well for continued success. We remain focused on delivering sustainable financial performance and maximising value for our shareholders over the long term.





MANUFACTURED CAPITAL

INVESTMENTS IN PROPERTY, PLANT & EQUIPMENT (PPE) PLAY A CRUCIAL ROLE IN STRATEGIC ASSET MANAGEMENT, AS THEY CONTRIBUTE TO LONG-TERM VALUE CREATION, RISK MITIGATION, OPTIMISATION OF ASSET LIFECYCLE, ALIGNMENT WITH BUSINESS GOALS, CAPITAL ALLOCATION STRATEGY, AND PERFORMANCE MONITORING AND OPTIMISATION.



Our investment in manufactured capital continued to drive operational excellence. We implemented initiatives to optimise our supply chain, resulting in streamlined operations and reduced lead times.

Investments in our resort's infrastructure and facilities have been instrumental in enhancing guest experiences and operational efficiency. We continued to maintain our accommodation, dining outlets, recreational facilities, and landscaping to meet the evolving preferences of our guests. Projects were undertaken to ensure that our resort remains competitive in the market.

There were several system upgrades done during the year to streamline processes.

MANUFACTURED CAPITAL OUTCOMES DURING THE YEAR:



Rs.151Mn
of capital investments



Rs.45Mn
investment in digital
infrastructure
upgrades

INTER-LINKS WITH OTHER CAPITALS:

- **Human Capital:** Employees are instrumental in the management and utilisation of manufactured capital, maintenance of properties, technology, and equipment.
- **Social Capital:** Collaborations with suppliers, contractors, and industry partners contribute to the enhancement of manufactured capital, fostering trust, and mutual benefit.
- **Intellectual Capital:** Innovation in design, technology integration, and sustainability practices enhances the value of manufactured capital
- **Natural Capital:** Sustainable practices and resource management initiatives minimise the environmental footprint of manufactured capital.

CONTRIBUTION TO SDG'S



Materials Controls Version 18.x upgrade – MC version upgrade streamlined the end-to-end procurement process, the integrated platform allows authorised approval levels, email notifications and create a paperless environment, fully aligned with the ESG Life Code's sustainability goals.

SAP S/4 HANA – The hotel significantly enhanced its financial operations by successfully implementing the SAP S/4 HANA Finance & Controlling module. The system consolidates financial and managerial transactions, accelerating financial closure processes and providing real-time insights to support agile decision-making.

Further demonstrating its commitment to innovation, the hotel pioneered a collaboration with Hattton National Bank (HNB) Sri Lanka. This groundbreaking partnership integrated the hotel's payment functions with HNB's payment gateway, a first for the Sri Lankan hospitality industry. This streamlined integration enables the seamless exchange of financial information between the hotel's SAP S/4 HANA system and external financial systems, ensuring real-time data synchronisation, improved accuracy, and enhanced operational efficiency.

Notably, the entire SAP S/4 HANA integration project, encompassing six entities and 105 individuals within the Hayleys Leisure hotels and resorts portfolio, was successfully completed in a remarkably short three-month timeframe.

What constitutes our Manufactured Capital

Tangible assets and infrastructure that contribute to our operations.

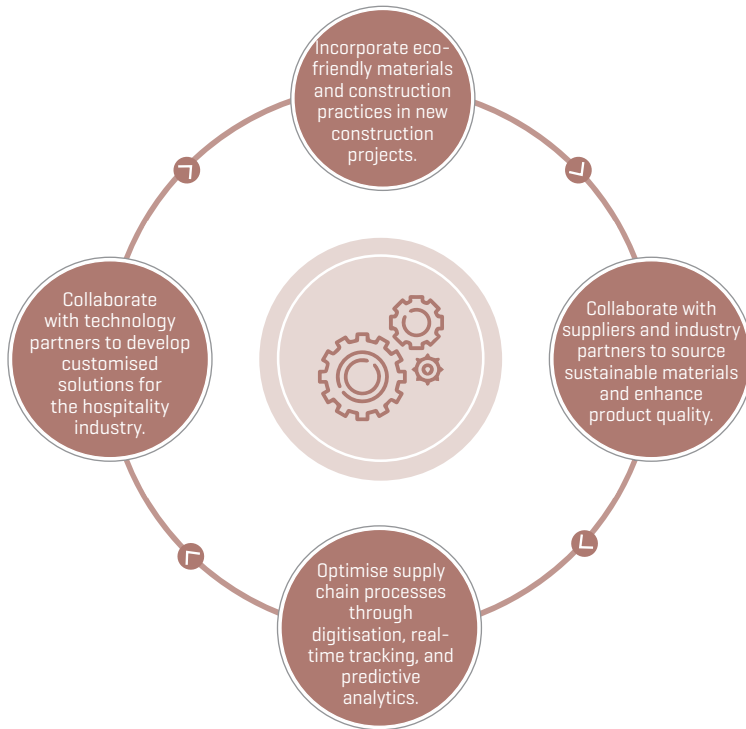
How Manufactured Capital enhances our value creation process

It plays a critical role in our leisure and hospitality offering, enhancing guest experience, and driving operational efficiency.

Key risks	Mitigating action
Building Repairs and Equipment Failure	Implement regular preventive maintenance schedules to identify and address issues proactively.
Technological Obsolescence	Follow industry trends to anticipate obsolescence risks.

Management Discussion and Analysis

OPPORTUNITIES AND WAY FORWARD



OUR NETWORK OF HOTELS, RESORTS, AND BOUTIQUE VILLAS :

Amaya Beach Passikudah:

Nestled along the pristine shores of Pasikuda, Amaya Beach Resort & Spa offers a serene sanctuary for travellers seeking sun, sand, and relaxation. With its spacious accommodations, panoramic ocean views, and luxurious amenities, the resort promises an unforgettable beachfront getaway. Whether seeking a romantic retreat, a family vacation, or a destination wedding, Amaya Beach Resort & Spa provides the perfect blend of tranquillity and tropical charm, with 125 contemporarily furnished rooms and suites, this beach haven offers and idyllic environment to relax and recharge.

Amaya Hills, Kandy:

Perched on top of a hill overlooking the picturesque city of Kandy, Amaya Hills invites guests to experience the rich cultural heritage and natural beauty

of Sri Lanka's hill country. The resort's distinctive architecture, inspired by Kandyan tradition, blends seamlessly with its lush surroundings, creating an atmosphere of timeless elegance and tranquillity. From spacious rooms with stunning views to immersive cultural experiences, Amaya Hills offers a journey into the heart of Sri Lanka's cultural capital. Amaya Hills boasts 112 luxurious rooms and suites, all beautifully decorated, with sweeping views of the Hanthana mountains

Amaya Lake, Dambulla:

Set amidst the serene surroundings of Dambulla's countryside, Amaya Lake offers a peaceful retreat for nature lovers and wellness seekers. Surrounded by lush greenery and overlooking a tranquil lake, the resort provides a serene escape from the hustle and bustle of everyday life. Guests can unwind in spacious villas, explore nearby ancient sites, or simply relax by the poolside. With its focus on

eco-friendly practices and sustainable tourism, Amaya Lake embodies the essence of responsible hospitality, offering guests a harmonious blend of luxury and nature with 119 luxuriously furnished chalet style rooms and suites with a cosy finish.

Amaya Kuda Rah, Maldives:

Located in the pristine waters of the Maldives, Amaya Kuda Rah offers a luxurious island escape surrounded by white sandy beaches. The overwater villas and beachfront suites provide guests with unparalleled views of the Indian Ocean and direct access to the vibrant coral reefs below. From snorkelling and diving excursions to romantic sunset cruises and beachfront dining experiences, the hotel offers a range of activities. Whether seeking a romantic honeymoon, a family vacation, or a solo retreat, guests can indulge in the ultimate Maldivian luxury experience, where relaxation, adventure, and natural beauty converge in perfect harmony with 51 deluxe villas.

Amaya Langdale, Nuwara Eliya:

Tucked away amidst the misty hills of Nuwara Eliya, Amaya Langdale is a 13 room property offering a charming retreat in Sri Lanka's upcountry region. the boutique hotel exudes colonial charm and old-world elegance, with its cozy cottages, lush gardens, and panoramic mountain views. Guests can embark on scenic nature walks, or simply relax with a good book. Amaya Langdale promises a tranquil escape from the ordinary, where guests can unwind, rejuvenate, and immerse themselves in the timeless beauty of the hill country.

Oliphant Bungalow – Nuwara Eliya

Oliphant Bungalow is a charming colonial-style bungalow nestled amidst the picturesque hills of Nuwara Eliya, Sri Lanka's scenic hill country. Steeped

in history and surrounded by lush greenery, the bungalow offers guests a serene retreat in a tranquil setting

Hanthana Boutique Villa, Kandy:

Hanthana Boutique Villa is a hidden gem nestled amidst the lush hills of Kandy, Sri Lanka's cultural capital. Surrounded by verdant landscapes and panoramic views of the Hanthana mountain range, the boutique villa offers guests a tranquil retreat in a serene setting.

Villa 700, Induruwa :

Villa 700 is a luxurious beachfront villa located in Bentota, a popular coastal destination in Sri Lanka. Offering an exclusive retreat for discerning travellers, the villa boasts stunning views of the Indian Ocean and direct access to a pristine stretch of sandy beaches

Tri, Koggala:

Tri is a luxurious eco-friendly resort nestled overlooking the tranquil surroundings of Koggala Lake in Sri Lanka. Offering a harmonious blend of sustainability, wellness, and luxury, Tri provides guests with a serene retreat in a pristine natural setting at their water tower or lake villas.

The Villas Wadduwa:

The Villas Wadduwa offers a luxurious retreat in the coastal town of Wadduwa, combining modern comforts with the serenity of beachfront living, overlooking the shimmering waters of the Indian Ocean, The with 32 beautiful villas provide guests with spacious and elegantly appointed accommodations, featuring private plunge pools with panoramic ocean views. With attentive service, gourmet dining options, and a range of recreational activities, The Villas offers an idyllic setting for a memorable beach getaway in Sri Lanka.

Amuna Ayurveda Retreat

Is a sanctuary of wellness where guests can embark on a journey of self-discovery and rejuvenation amidst the natural and historical splendours of Sri Lanka. With its focus on Ayurvedic healing practices, serene surroundings, nourishing cuisine, and personalised service, Amuna Ayurveda Retreat invites guests to experience holistic wellness and retreats.

Investments in Property, Plant & Equipment [PPE] and strategic asset management

Details about investments for current year

As of 31 March 2024, PPE amounted to Rs. 4,512 Mn, 78% of the Company's total assets.

Investments in Property, Plant & Equipment [PPE] play a crucial role in strategic asset management, as they contribute to long-term value creation, risk mitigation, optimisation of asset lifecycle, alignment with business goals, capital allocation strategy, and performance monitoring and optimisation. Effective management of PPE investments is essential for companies seeking to achieve sustainable growth and competitive advantage in today's dynamic business environment.

Digital Infrastructure and Manufactured Capital

Information Technology [IT] plays a crucial role in managing manufactured capital effectively by enabling automation integrating business functions through ERP systems. By leveraging IT effectively, we strive to enhance operational efficiency, optimise resource utilisation, improve product quality, and achieve competitive advantage in today's digital manufacturing landscape.





HUMAN CAPITAL

WE ARE COMMITTED TO CREATING AN INCLUSIVE ENVIRONMENT WHERE ALL EMPLOYEES FEEL VALUED, RESPECTED, AND EMPOWERED TO CONTRIBUTE THEIR UNIQUE TALENTS. WE PROMOTE EQUAL OPPORTUNITIES FOR ADVANCEMENT AND STRIVE TO BUILD A CULTURE OF BELONGING WHERE EVERYONE CAN THRIVE.



Our workforce is a cornerstone of our success. We continue to invest in our employees through training and development programs aimed at enhancing skills and fostering innovation. Employee engagement initiatives contributed to a positive work culture, driving productivity and retention. Our talented team played a pivotal role in achieving our operational and strategic objectives.

HUMAN CAPITAL OUTCOMES DURING THE YEAR:



33,267
Total Training Hours



18%
Female
Representation:



71%
Retention ratio:

INTER-LINKS WITH OTHER CAPITALS:

- **Financial capital** – Investment in employees leads to boost in employee morale and hence performance.
- **Intellectual capital**– Our team members are a critical component of our tacit knowledge pool is delivering our brand promise
- **Social & relationship capital** – Increased customer satisfaction due to satisfied employee base.



Male

82%



Female

18%

CONTRIBUTION TO SDG'S



What constitutes Our Human Capital?

Tangible assets and infrastructure that contribute to our operations.

How Human Capital enhances our value creation process:

Our human capital is the driving force behind achieving our group strategy and vision.

EMPLOYEE DEVELOPMENT AND TRAINING

We are dedicated to investing in the development of our employees. Through our comprehensive training programs, we equip our team members with the skills and knowledge necessary to excel in their roles and contribute effectively to the company's objectives. Whether it's through on-the-job training, workshops, or specialised courses, using both internal and external trainers, we strive to support continuous learning and professional development at all levels of the organisation.

Comprehensive training programs focused on hospitality, cultural awareness, and language proficiency have empowered our staff to provide personalised and authentic service. Employee engagement initiatives, such as recognition programs and career development opportunities, have created a positive work environment, leading to high employee morale.

DIVERSITY AND INCLUSION

At Hayleys Leisure PLC, we embrace diversity and recognise the strength that comes from a workforce with varied backgrounds, experiences, and perspectives. We are committed to creating an inclusive environment where all employees feel valued, respected, and empowered to contribute their unique talents. We promote equal opportunities for advancement and strive to build a culture of belonging where everyone can thrive.

EMPLOYEE WELL-BEING

The well-being of our employees is of paramount importance to us. We offer a range of initiatives and benefits to support their physical, mental, and emotional health. From health insurance coverage to flexible work arrangements and employee assistance programs, we prioritise the holistic well-being of our team members. Job security was fully ensured despite the economic crisis and additional financial support and other measures such as provision of transport was offered even during the fuel shortage period in the country.

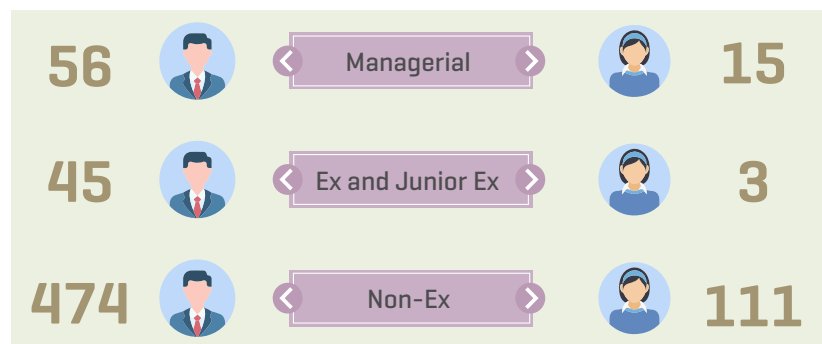
EMPLOYEE ENGAGEMENT AND RECOGNITION

We believe in creating a sense of belonging and engagement among our employees. Through regular communication, feedback mechanisms, and employee recognition programs, we ensure that our team members feel valued and appreciated for their contributions. We celebrate achievements, milestones, and successes together as a cohesive team.

At Hayleys Leisure PLC, our human capital is integral to our continued growth and success. By investing in the development, well-being, and engagement of our employees, we aim to build a high-performing organisation that delivers sustainable value for all stakeholders.

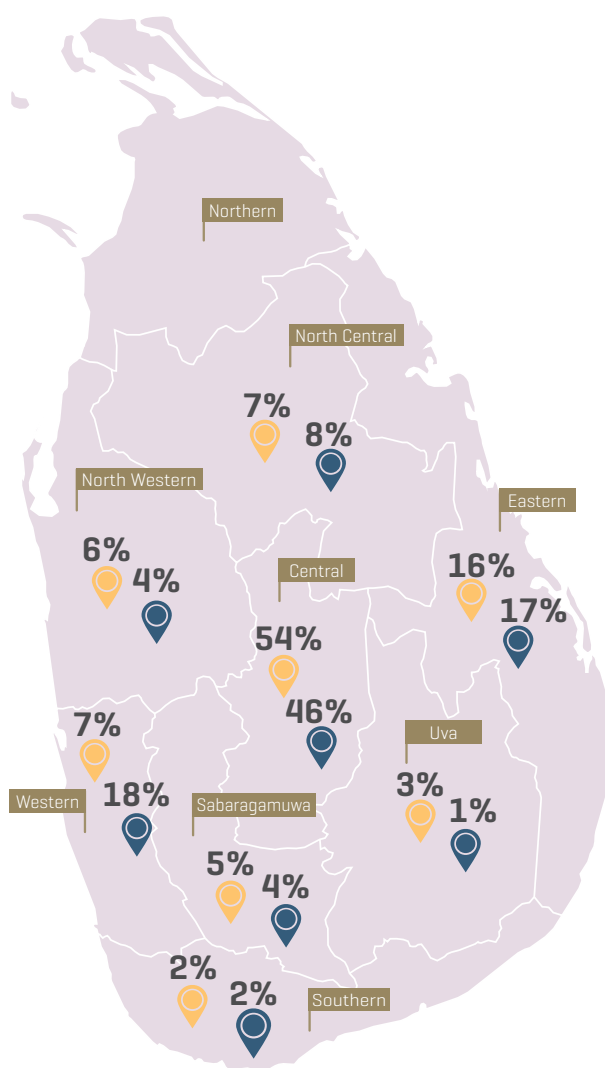
Management Discussion and Analysis

EMPLOYEE CATEGORY - GENDER DISTRIBUTION



TRAINING AND DEVELOPMENT

T&D	2024
Training Hours Per Category	
Managers & above	288
Executives	182
Non-Executives	32,797
Training Hours Per gender	
Per male	45.63
Per female	54.50



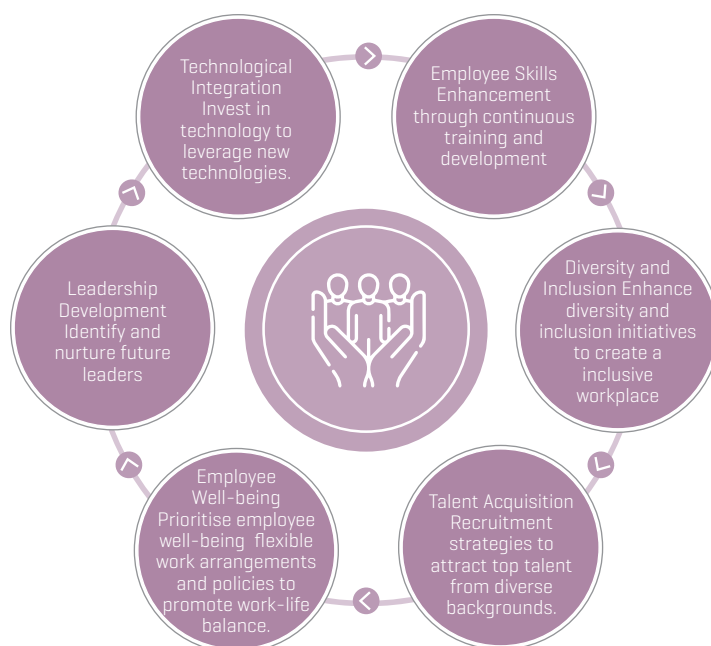
Permanent		
	Male	Female
Western	44	8
Uva	1	1
Southern	7	-
Sabaragamuwa	9	3
North Western	13	-
North Central	21	3
Northern	-	-
Central	114	21
Eastern	42	8



Contract		
	Male	Female
Western	24	4
Uva	10	3
Southern	4	3
Sabaragamuwa	17	4
North Western	25	1
North Central	26	2
Northern	1	-
Central	157	62
Eastern	60	6

Key risks	Mitigating action
High Turnover Rate	<ul style="list-style-type: none"> Implementing competitive compensation and benefits packages to attract and retain talent Provide opportunities for career advancement Conduct exit interviews to identify reasons for turnover and address underlying issues.
Skills Shortages and succession planning	<ul style="list-style-type: none"> Develop a recruitment and talent acquisition strategy to attract candidates with the required skills Foster partnerships with educational institutions and industry organisations. Provide ongoing training and upskilling programs for existing employees Nurture and groom new talent via HLTA training initiatives Succession planning strategy to identify and groom internal talent for key roles. Create mentorship and leadership development programs to prepare future leaders within the organisation
Workforce Diversity	<ul style="list-style-type: none"> Implement diversity and inclusion initiatives to promote a culture of respect and belonging. Provide diversity training and awareness programs to foster understanding and inclusion Establish diverse hiring practices and set diversity targets to ensure representation at all levels of the organisation.
Health and Safety Risks	<ul style="list-style-type: none"> Develop and enforce comprehensive health and safety policies and procedures. Provide regular health and safety training for employees to promote awareness and compliance. Conduct regular workplace inspections and risk assessments to identify and mitigate potential hazards.

OPPORTUNITIES/ WAY FORWARD





INTELLECTUAL CAPITAL

OUR SYSTEMS, PROCESSES, AND ORGANISATIONAL CULTURE FORM PART OF OUR INTELLECTUAL CAPITAL, WE LEVERAGE THESE INTANGIBLE ASSETS TO DRIVE INNOVATION, OPERATIONAL EXCELLENCE, AND SUSTAINABLE GROWTH.



At Hayleys Leisure PLC, we recognise the importance of intellectual capital in driving innovation, fostering growth, and maintaining our competitive edge in the leisure industry. Our intellectual capital encompasses a diverse range of intangible assets. We continued to invest in research and development initiatives to enhance product offerings and stay ahead of market trends.

CORE INTELLECTUAL CAPITAL OUTCOMES DURING THE YEAR:



EXCELLENT/ VERY GOOD

rating as per Trip
Adviser for all Amaya
hotels.



3

Processes certified
by external parties
(ISO 22000: 2018
Certificate)



3

Number of
recognitions

INTER-LINKS WITH OTHER CAPITALS:

- **Human Capital:** Employees contribute their knowledge and skills to the creation and while intellectual capital provides opportunities for employee learning, growth, and development.
- **Social Capital:** Facilitates the exchange of knowledge and ideas in enhancing intellectual capital.
- **Manufactured Capital:** Organisational infrastructure, systems, and processes support the management and utilisation of intellectual assets.

What constitutes Our Human Capital?

Tangible assets and infrastructure that contribute to our operations.

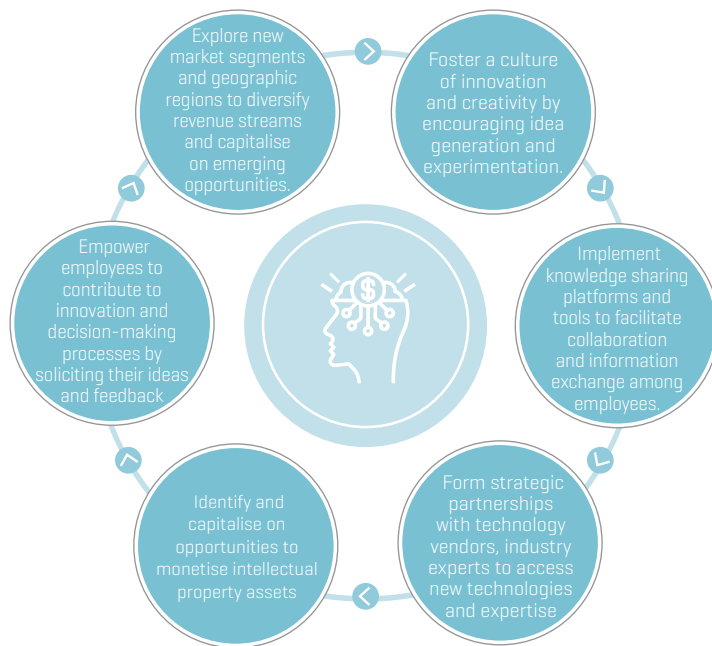
How Human Capital enhances our value creation process:

Our human capital is the driving force behind achieving our group strategy and vision.

Key risks and mitigation strategies

Key Risks and Challenges	Mitigation Strategies
Loss of Intellectual Property Rights	<ul style="list-style-type: none"> · Implement intellectual property protection measures, including patents, trademarks, and copyrights · Conduct regular audits to monitor and enforce compliance with intellectual property laws and regulations · Educate employees on the importance of protecting intellectual property and establish clear policies and procedures
Drain of tacit Knowledge and Expertise	<ul style="list-style-type: none"> · Develop comprehensive employee retention strategies · Offer competitive compensation packages · Implement knowledge transfer mechanisms, such as mentorship programs and documentation of best practices
Competition and Imitation	<ul style="list-style-type: none"> · Invest in continuous innovation and product differentiation to maintain a competitive advantage · Leverage intellectual property rights · Monitor competitors' activities and market trends to identify emerging threats and opportunities.
Technological Developments	<ul style="list-style-type: none"> · Continuous monitoring of emerging technologies and trends · Foster a culture of adaptability and innovation · Invest in training and upskilling to leverage new technologies effectively.

Management Discussion and Analysis

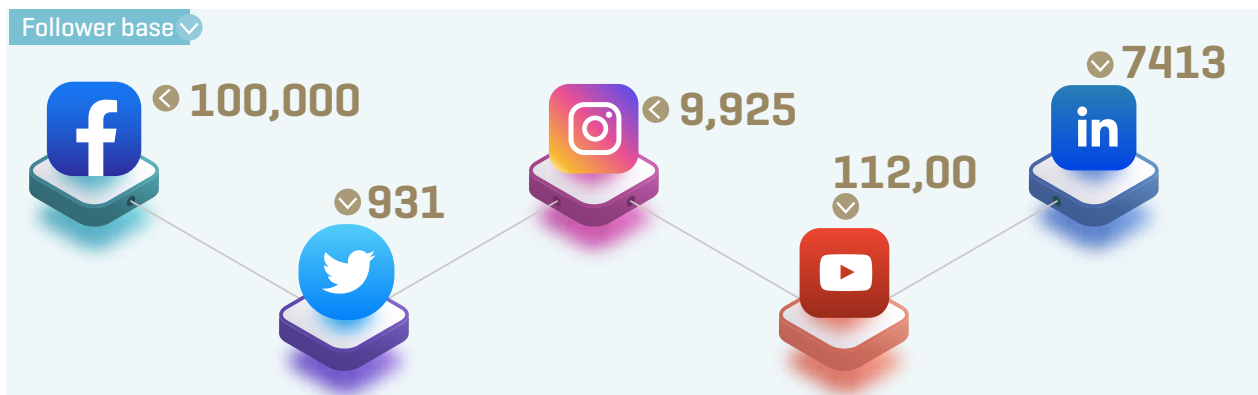


The Versatility of Hayleys Leisure and Amaya Brands:

The Amaya brand demonstrate versatility through their diverse offerings, flexible positioning, innovative experiences, cultural immersion and commitment to sustainability. These attributes enable the brands to appeal to a wide range of travellers and adapt to evolving market trends and consumer preferences.

Social Media Presence

Developing a strong social media presence can significantly enhance the visibility and engagement for customers and potential customers through attractive and insightful contents from our properties across Sri Lanka and Maldives.



Systems and Processes:

Well-defined systems and processes contribute to operational efficiency within our hotels. Streamlined processes for reservation management, guest services, housekeeping, and maintenance ensure smooth operations and enhance the overall guest experience.

Established quality management systems help maintain high standards of service and product quality across all properties. From food and beverage services to safety standards to recreational activities, our systems ensure consistency and compliance.

Flexible systems and processes allow us to adapt to changing market conditions and customer preferences. Agile processes for product development, marketing campaigns, and guest feedback enables us to cater to diverse market segments and capitalise on industry trends.

Integrated systems for data collection, analysis, and reporting provide valuable insights that inform strategic decision-making. Data-driven processes enable us to identify opportunities, mitigate risks, and ultimately optimise performance.

Hayleys Leisure culture

At Hayleys we follow a customer-centric approach with a focus on exceeding guest expectations and delivering exceptional experiences. This culture fosters loyalty, positive customer feedback, and repeat business, contributing to the brand's long-term success.

We value our employees and cultivate a culture of engagement, empowerment, and continuous learning. Through training and development programs,

recognition initiatives, and open communication channels, the brand fosters a motivated and dedicated workforce committed to delivering excellence.

Further innovation and creativity encourages employees at Hayleys Leisure to think outside the box, experiment with new ideas, and contribute to the brand's growth and evolution. This enables us to stay ahead of competitors and adapt to changing market dynamics.

We uphold ethical and sustainable practices as core values within our culture. From environmentally friendly initiatives to community engagement projects, the brand demonstrates a commitment to responsible tourism and corporate social responsibility.

By recognising the importance of systems, processes, and organisational culture as part of its intellectual capital, Hayleys Leisure can leverage these intangible assets to drive innovation, operational excellence, and sustainable growth in the leisure and hospitality industry.

Our systems, processes, and organisational culture form part of our intellectual capital, we leverage these intangible assets to drive innovation, operational excellence, and sustainable growth for Hayleys Leisure Hotels.

Industry memberships

- 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 CAPITAL

REGULARLY SEEKING AND ANALYSING CUSTOMER FEEDBACK ALLOWS US TO UNDERSTAND THEIR NEEDS AND PREFERENCES, ENABLING US TO MAKE INFORMED DECISIONS AND IMPROVE OUR SERVICE QUALITY.



Maintaining strong relationships with stakeholders is integral to our long-term sustainability. We foster open communication and collaboration with our customers, suppliers, and community partners. These relationships enabled us to adapt swiftly to changing market dynamics and customer preferences. Our commitment to corporate social responsibility initiatives further strengthened our reputation and brand loyalty among stakeholders.

Building and nurturing relationships with our guests, local communities, and industry stakeholders are integral for our reputation and long-term sustainability. We have established partnerships with local suppliers to promote sustainable tourism practices and support the local economy. Community engagement initiatives demonstrate our commitment to responsible tourism. Our active presence on social media platforms and participation in industry events have strengthened our brand presence and fostered meaningful connections with guests and travel partners.

CORE SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES DURING THE YEAR:



Average customer satisfaction rate of

5/5 across all 3 main Amaya properties on booking.com



Rs.106Mn spent in community engagements



Rs.1,658Mn paid to suppliers

INTER-LINKS WITH OTHER CAPITALS:

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

CONTRIBUTION TO SDG'S



What constitutes our Social and Relationship Capital?

The intangible assets derived from interactions with stakeholders. This includes strong customer, supplier, and partner relationships, engagement with employees and local communities.

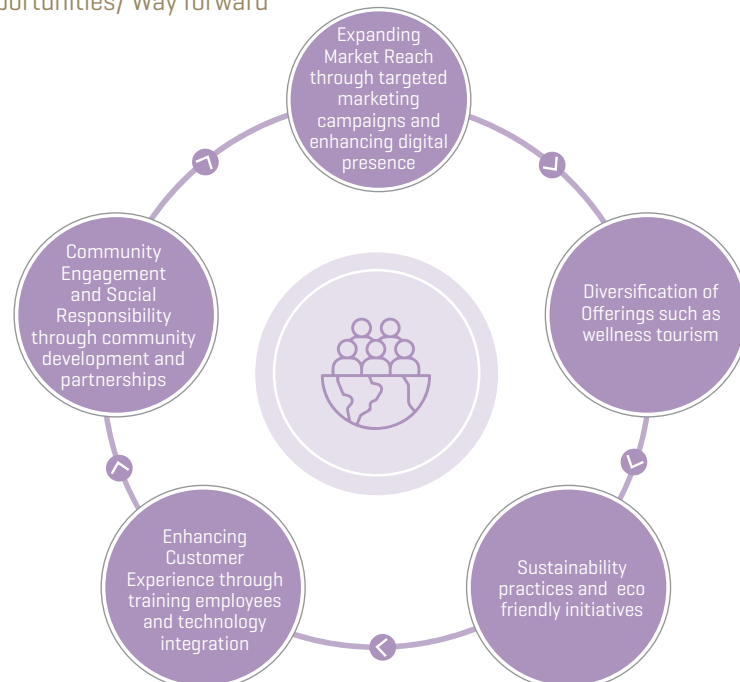
How Social and Relationship Capital enhances our value creation process:

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

Key risks and mitigation strategies:

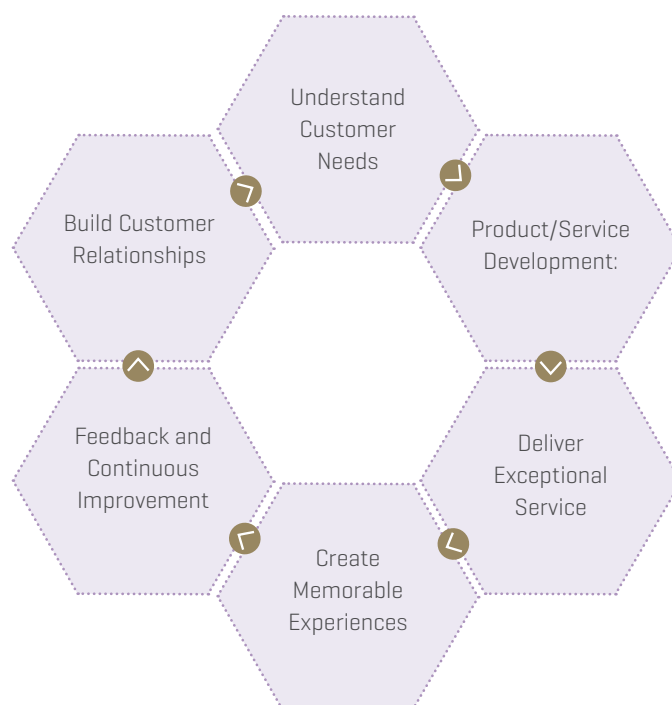
Key Risks	Mitigation Strategies:
Reputation Risk	<ul style="list-style-type: none"> Implementing stringent quality control measures. Training staff regularly on customer service and safety protocols. Transparent communication & PR
Regulatory Compliance	<ul style="list-style-type: none"> Staying updated with regulatory changes and requirements. Implementing comprehensive compliance and audit programs. Staff training
Supply Chain Disruptions	<ul style="list-style-type: none"> Diversifying suppliers and establishing strong supplier relationships. Maintaining buffer stocks and contingency plans. Conducting regular risk assessments of supply chain vulnerabilities.
Economic Downturns	<ul style="list-style-type: none"> Diversifying the customer base. Developing flexible pricing strategies and attractive packages. Enhancing operational efficiency to reduce costs.

Opportunities/ Way forward



Management Discussion and Analysis

Customer Value Creation



Customer value creation is at the core of our organisation, achieved through a combination of product quality, customer service, and overall experience. By understanding customer needs, we aim to tailor our offering to deliver unique and meaningful value, delivering exceptional customer service and creating memorable experiences that foster long-term loyalty and advocacy. Through continuous feedback we attempt to enhance customer value creation, driving customer satisfaction, retention, and ultimately, sustainable business growth.

Marketing Campaigns launched during the year

Hayleys Leisure PLC initiated a number of seasonal marketing campaigns targeting both local and international guests.

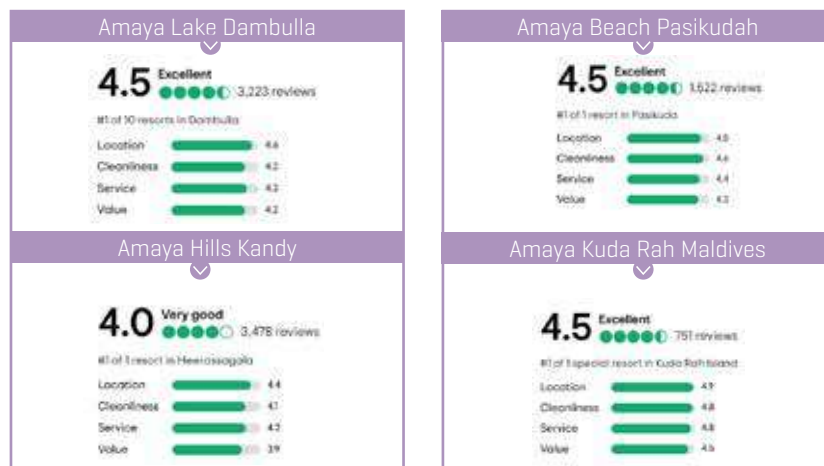
Customer Satisfaction and Feedback

Customer satisfaction and feedback are essential components that reflect the level of fulfilment customers experience, directly impacting loyalty and retention. Regularly seeking and analysing customer feedback allows

us to understand their needs and preferences, enabling us to make informed decisions and improve our service quality. By prioritising customer satisfaction and feedback, we aim to build stronger relationships with our customers, enhance brand reputation, and drive sustainable growth.

All Hayleys Leisure properties are listed on online travel platforms 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.

TripAdvisor status of Amaya Resorts (as at end April 2024)



Customer Privacy

We value customer privacy therefore we ensure responsible collection of customer data, including personal information such as names, addresses, and payment details. This data is securely stored and protected through robust security measures to prevent unauthorised access or breaches. we ensure transparency and respect customer preferences by obtaining consent for data usage and allowing customers control over their data. Data processing and analysis are conducted with privacy in mind, adhering to applicable regulations and guidelines. The following protocols are in place to ensure customer privacy:

- Training, of staff members on maintaining customer privacy customer data protection
- Strong Data security practices and clear data privacy policies
- Compliance with the European Union regulation on data protection - General Data Protection Regulation [GDPR]

By prioritising customer privacy and compliance with data privacy regulations, we build trust and confidence among our customers.

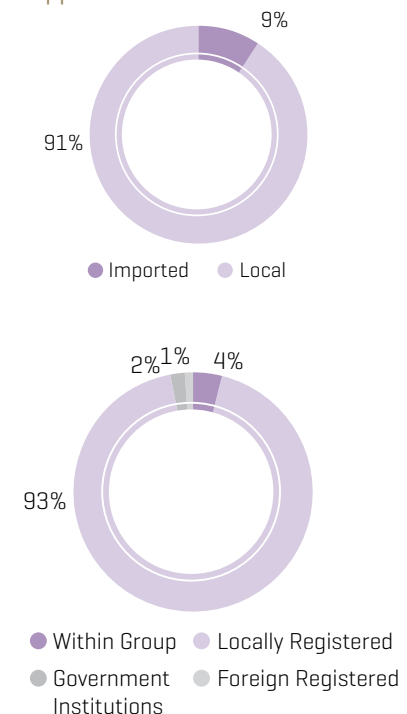
Channel Partners



It is important to identify and select reliable partners who align with the organisation's values and objectives. They are supported with resources, and ongoing communication to ensure alignment with the organisation's goals and standards. Collaborative planning and regular evaluations help optimise the partnership and address any challenges or opportunities. Clear communication channels facilitate the exchange of information, feedback, and support, fostering mutual trust and accountability. By nurturing strong channel partner relationships, we enhance customer service, and drive mutual growth and success."

Hayleys Leisure maintains close ties with a wide range of channel partners comprising tour operators, destination management companies and online travel agents. They are integral in driving marketing campaigns, promotions and boosting arrivals in to Sri Lanka.

Supplier Profile



Suppliers play a crucial role in our operations, therefore building strong relationships with suppliers is essential for ensuring quality, reliability, and cost-effectiveness. Effective supplier management involves selecting reliable partners, negotiating favourable terms, and maintaining open communication channels. By fostering collaborative relationships with suppliers, we can streamline operations, minimise risks, and drive mutual growth and success.

All relationships with suppliers take place through a formal onboarding process within highest levels of governance aspects such as fair pricing, transparency, adherence to ethics and industry comparison.

Management Discussion and Analysis

Community Engagement

Community engagement is a cornerstone of responsible corporate citizenship, involving active participation and collaboration with local communities

Through our CSR initiatives we address societal needs, foster positive social impact, and build trust and goodwill. By investing in the well-being and development of the community in which we operate, we strive to enhance employee morale, and contribute to long-term sustainable growth.

We make an effort to contribute to the communities through the course of our ordinary business operations as well as various CSR initiatives.

CSR initiatives for the year:

Sisu Diriya

The Sisu Diriya program by Hayleys Leisure is a corporate social responsibility (CSR) initiative aimed at empowering the communities we serve. The program focus is on improving the educational prospects of children from underprivileged backgrounds, particularly those of the company's employees. Under this project students are equipped with necessary educational materials such as free school books, meals and additional tuition facilities.

Hayleys Leisure Training Institute

The Hayleys Leisure Training Institute, established by Hayleys Leisure, aims to develop skilled professionals in the hospitality sector, particularly targeting underprivileged youth in Sri Lanka. The institute provides comprehensive training in various aspects of hospitality, including front office management, food and beverage services, housekeeping, and kitchen operations.

Over 400 applicants were received for the 2nd phase of the programme which was held in Damublla, where shortlisted

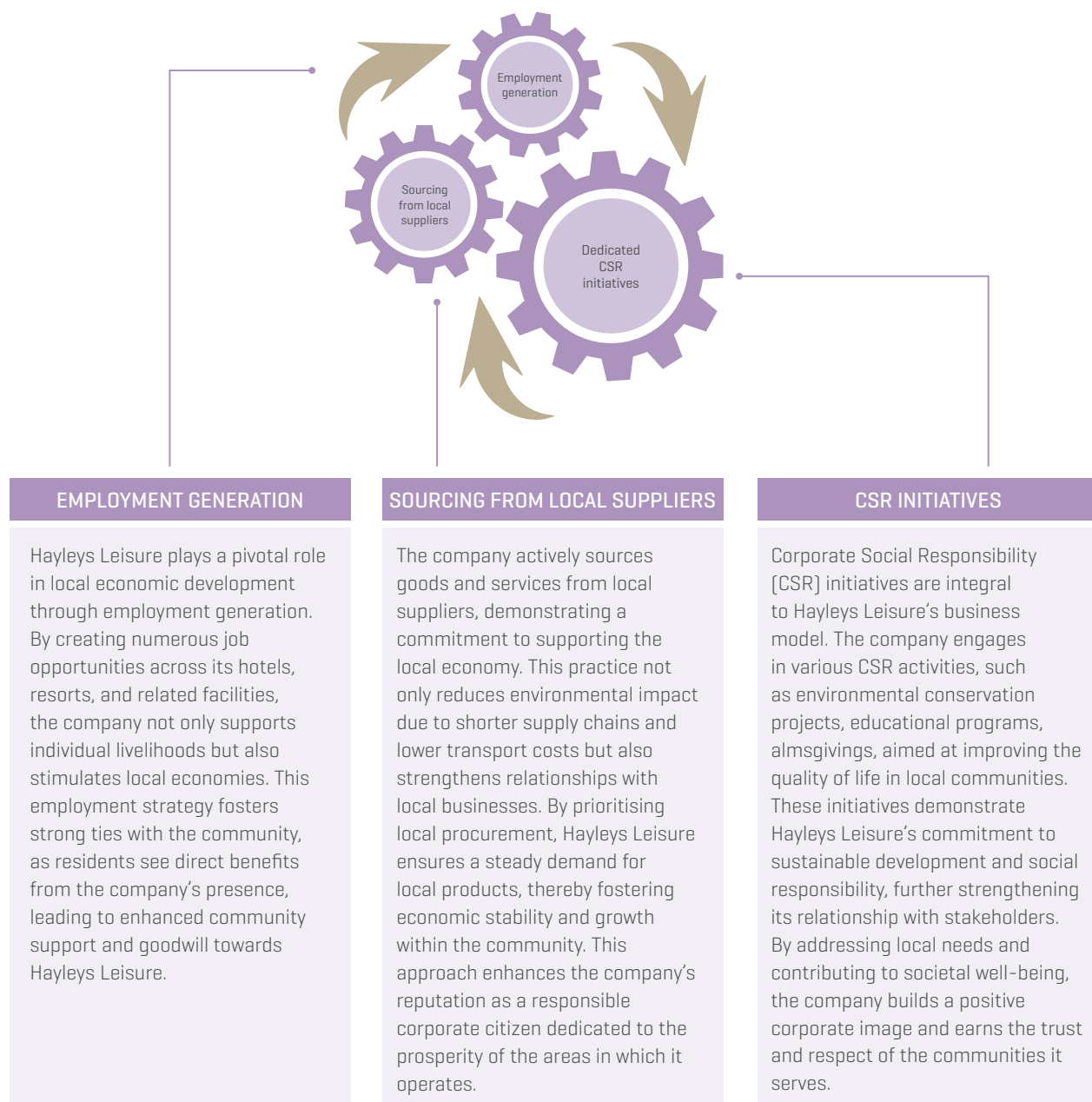
applicants were selected for the training. Upon successful completion of the program, graduates are offered employment opportunities within Hayleys Leisure's extensive network of resorts and boutique hotels.

This initiative not only equips students with the necessary skills for the hospitality sector but also contributes to the broader goal of social and economic development by empowering youth and creating employment opportunities.



LEVERS

The company prioritises employment generation, Local sourcing and corporate social responsibility initiatives, thereby contributing to local socio-economic development and ensuring long-term partnerships. This strategic focus on robust social and relationship capital not only drives customer satisfaction and employee morale but also ensures a sustainable and resilient business ecosystem.





NATURAL CAPITAL

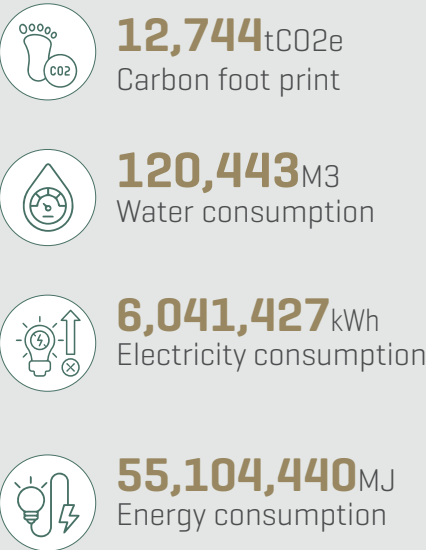
OUR ENVIRONMENTAL INITIATIVES ARE GUIDED BY THE PARENT COMPANY HAYLEYS PLC'S ESG BLUEPRINT THE HAYLEYS LIFE CODE.



Recognising the importance of environmental stewardship, we continued to implement initiatives to minimise our environmental footprint. We optimised resource usage and reduced waste generation across our operations. Furthermore, Our efforts in preserving natural capital align with our commitment to sustainable business practices.

Sustainable practices, such as water conservation measures, Shift to eco friendly packaging and waste management initiatives, have been implemented throughout our property. We have also invested in landscaping and biodiversity conservation efforts to enhance the natural habitat surrounding our resorts. Through minimising our environmental footprint, we aim to promote eco-friendly tourism activities

NATURAL CAPITAL OUTCOMES DURING THE YEAR:



INTER-LINKS WITH OTHER CAPITALS:

- **Intellectual Capital** – enhances the company’s ability to innovate and implement sustainable practices related to natural capital management
- **Social Capital** – Collaborations with local communities, environmental groups, and government agencies are essential for the sustainable management of natural capital.

CONTRIBUTION TO SDG’S



What constitutes our Natural Capital?

Resources such as land, water bodies, and soil, as well as non-renewable resources like minerals and fossil fuels.

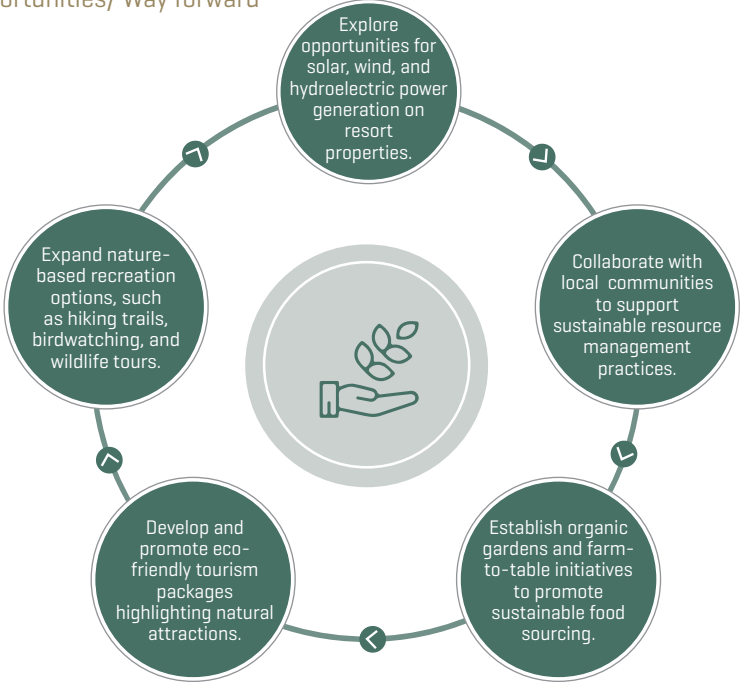
How Natural Capital enhances our value creation process:

The natural beauty, eco systems and bio diversity around our properties enhance the value creation process.

Key risks and mitigation strategies:

Key Risks	Mitigation Strategies:
Biodiversity Loss	<ul style="list-style-type: none"> • Preserve and protect natural habitats within and surrounding resort properties. • Engage in biodiversity conservation initiatives, such as habitat restoration projects. • Conduct environmental impact assessments for new developments to minimise biodiversity loss.
Pollution and Waste	<ul style="list-style-type: none"> • Implement waste management practices, such as recycling, composting, and waste reduction. • Educate staff and guests on responsible waste disposal and environmental stewardship. • Invest in waste treatment technologies to mitigate pollution from wastewater discharge.
Climate Change Impact	<ul style="list-style-type: none"> • Develop climate change adaptation strategies • Invest in renewable energy sources and energy-efficient technologies • Support reforestation and conservation projects

Opportunities/ Way forward



Management Discussion And Analysis

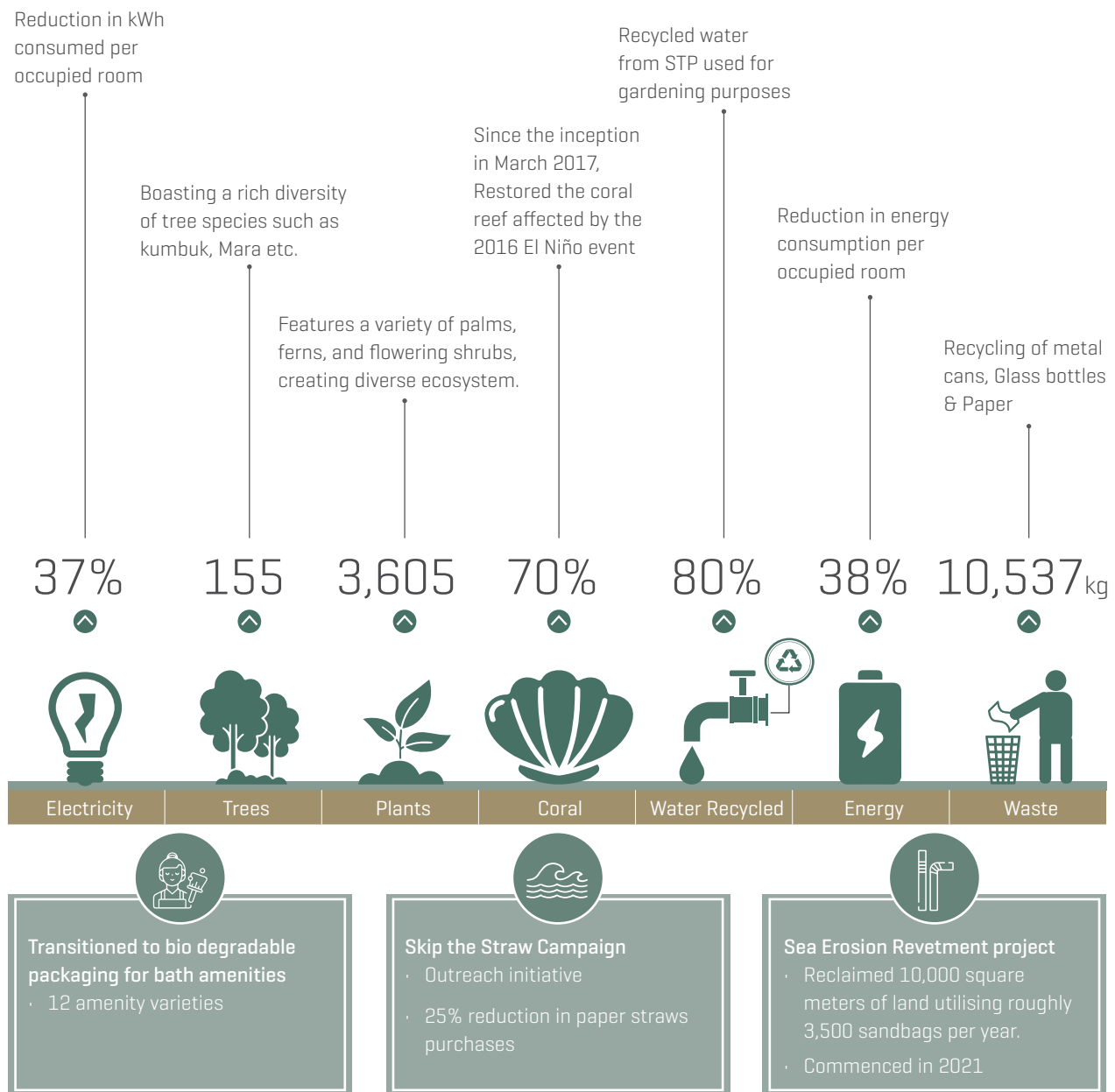
Our Resource footprint

Energy consumption	MJ	Per guest night
2024	55,104,440	539.33
2023	47,790,334	865.79
Electricity consumption	In kWh	Per guest night
2024	6,041,427	64.83
2023	4,420,198	101.85

Our approach to sustainability:

Our environmental initiatives are guided by the parent company Hayleys PLC's ESG blueprint the Hayleys Life code.

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



Way Forward

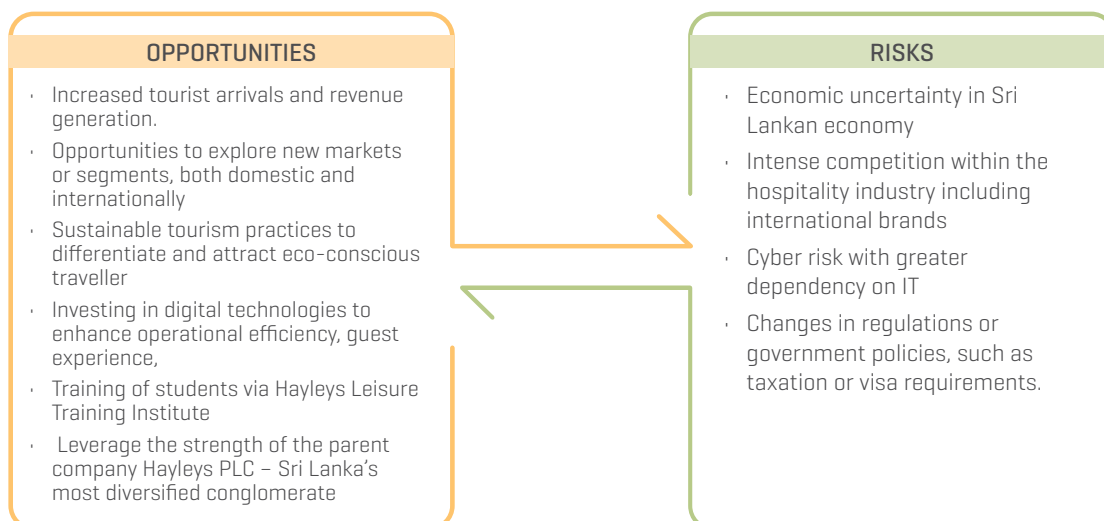
Macro-economic indicator	As of April 2024	As of December 2023	As of March 2023
Inflation – CCPI Headline	1.5%	4%	50.3%
USD exchange rate – Rs.	296.00	326.00	329.00
Government T-Bills 365 days	10.21	12.93	12.28
AWPR	10.13	12.13	21.40

Expectations on the Sri Lankan tourism sector

Sri Lanka grapples with various economic hurdles, encompassing high public debt, fiscal deficits, external vulnerabilities, currency depreciation, and an expanding trade deficit. The country's tourism sector, profoundly impacted by the pandemic and economic downturn, anticipates a gradual recovery in the coming year, buoyed by an uptick in tourist arrivals. However, the pace and breadth of this resurgence hinge on global travel patterns and consumer sentiment. Nonetheless, the sector harbours ambitious growth aspirations for 2024 and beyond. Notably, the Sri Lankan rupee has strengthened, with the USD rate dipping below Rs. 300. Tourist arrivals for 2023 surpassed 1.4 million, and the first quarter of 2024 witnessed 635,784 arrivals, coupled with tourism revenue exceeding USD 1 billion for the same period alone.

The Hayleys Leisure Action Plan

Short term	Medium	Long term
<ul style="list-style-type: none"> Targeted promotions Training programs for staff Gather guest feedback and make improvements Create awareness on sustainable practices Explore digital solutions for operational efficiency Explore market opportunities Invest in staff development and retention Strengthen relationships with local communities Maintain facilities and address immediate needs 	<ul style="list-style-type: none"> Expand marketing efforts and diversify offerings Invest in employee talent development and retention Enhance guest experience through innovation Expand sustainability initiatives across all operations and departments Invest in digital technologies for guest engagement Expand into new segments and regions Continue to invest in talent development programs Deepen community engagement initiatives Invest in infrastructure upgrades and renovations 	<ul style="list-style-type: none"> Strengthen brand presence in the global market Foster a culture of continuous learning and growth Expand on the sustainability strategy and its focus Focus on digital innovation and integration Establish market leadership and global presence Cultivate a culture of excellence and leadership Lead in social responsibility and community impact





CORPORATE GOVERNANCE AND RISK MANAGEMENT



UNDENIABLE MASTERY

As the company navigates dispersions of risk and remains ahead, we scrutinise through the loupe the edges of our operations and risk management and observe a robust framework of strategy, management, creativity and steadfast growth designed to create and increase value.

Corporate Governance

Hayleys Leisure PLC operates within a well-defined governance structure adhering to regulatory requirements. Corporate Governance refers to the structures and processes that are built on an established organisational structure in accordance with the company's mission, values and vision for the direction and control of the organisation. It comprises the five core principals of governance, which are the Leadership provided by the Board, Effectiveness of the board and its committees having the appropriate balance of skills, knowledge and expertise, Accountability where the board presents a balanced assessment of the company's position and future prospects, Remuneration aligned with the long-term success of the company and the Relationship between the Board of Directors, Shareholders, Management and Other Stakeholders. A strong corporate culture and ethics are vital for the survival and profitability of an organisation in a highly competitive market.

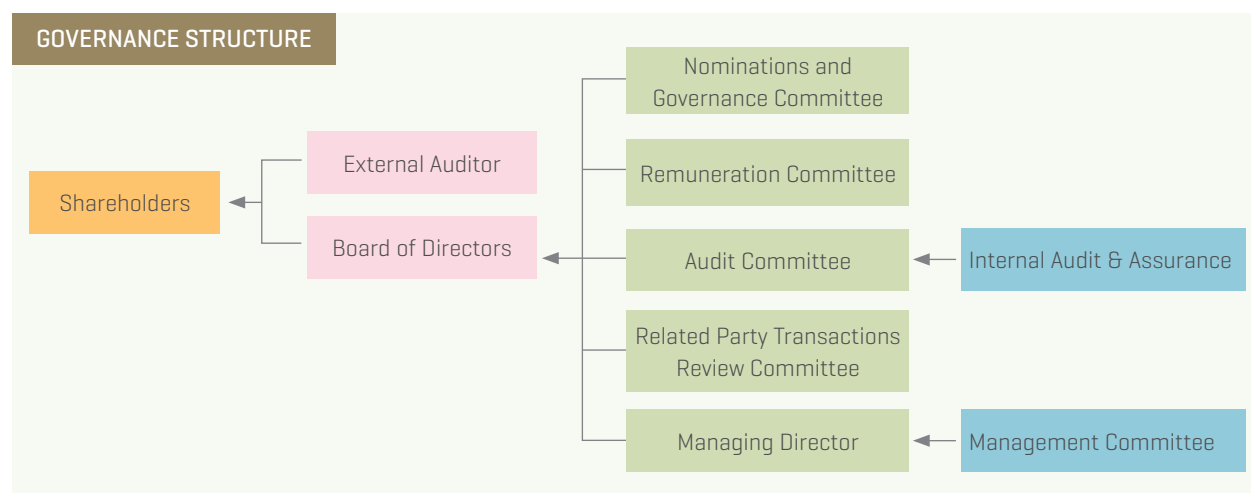
This section of the report is the proof for the afore mentioned facts. The Company complies with the requirements set out in the Code of Best practice on Corporate Governance issued by Institute of Chartered Accountants of Sri Lanka and Rules of Corporate Governance set out in the Listing Rules of the Colombo Stock Exchange.

BOARD MEETINGS AND ATTENDANCE

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

Name of Director	Executive/Non-Executive/ Independent Non-Executive	Attendance
Mr. A. M. Pandithage - Chairman	Executive	04/04
Mr. R. J. Karunarahaj - Managing Director	Executive	04/04
Mr. S. C. Ganegoda	Non-Executive	04/04
Ms. R. N. Ponnambalam	Non-Executive	04/04
Ms. W. D. De Costa	Non-Executive	04/04
Mr. D. T. R. De Silva	Independent Non-Executive	04/04
Ms. K. A. D. B Perera	Non-Executive	04/04
Ms. A. I. Wanigasekera*	Independent Non-Executive	02/02
Ms. A. A. K. Amarasinghe*	Independent Non-Executive	02/02
Mr. S. H. Amarasekera**	Independent Non-Executive	01/02

*Appointed w.e.f. 3rd January 2024 **Resigned w.e.f. 31st December 2023



SECTION 1: CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA [CASL]

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
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 18 and 19.			
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. 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 64 of the Annual Report.
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 regulations.
3. Compliance with laws and access to independent professional advice	A.1.3	Compliant	The Board collectively, and Directors individually recognises their duty to comply with laws of the country which are 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.
4. Company Secretary	A.1.4	Compliant	<p>The services of the Company Secretaries, Hayleys Group Services [Private] Limited are available to Directors. The Company Secretaries keep the Board informed of new laws, regulations and requirements coming into effect, which are relevant to them as individual Directors and collectively to the Board. Hayleys Group Services [Private] Limited consists of competent qualified professionals with 02 Attorneys at Law and 03 Chartered Secretaries.</p> <p>The Company has obtained appropriate insurance covers and it is further detailed in page 90 under "Annual Report of the Directors on the Affairs of The Company".</p>

Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
5. Independent judgment	A.1.5	Compliant	<p>The Non-Executive Directors are independent of the management and free from any business and other relations. The directors exercise independent judgement to bear on all issues of strategy, performance, resources and standards of business conduct.</p> <p>The Non- Executive Directors make an annual determination of their independence through a signed and dated declaration to that effect and make sure there is no conflict of interest.</p> <p>The Board gives direction to the long term strategy, seeking and contributing views and opinions on strategic options proposed by the Executive Management. All members of the Board have fiduciary duties and statutory liabilities, regardless of whether they are Executive or Non-Executive.</p>
6. Dedication of adequate time and effort by the Board and the Company	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.
7. Calling for a Resolution	A.1.7	Compliant	Any Director can call for a resolution to be presented to the board where they feel it is in the best interest to the Company.
8. Training for Directors	A.1.8	Compliant	The Board regularly reviews and agrees on the training and development needs of the Board members, to ensure Directors are capable to make appropriate decisions with regard to the current and future performance of the business.

A.2 Chairman and Chief Executive Officer [CEO]

There should be a clear division of responsibilities between the Chairman and Chief Executive Officer in order to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decision-making. The roles of the Chairman and Chief Executive Officer function separately in the Company. The Chairman's main responsibility is to lead, direct and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Managing Director, who performs the role of the Chief Executive Officer, is responsible for the day-to-day operations of the Company.

9. Division of responsibilities of the Chairman and Managing Director [CEO]	A.2	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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Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
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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 Board functions. The profile of the Chairman is given on page 18.

10	Role of the Chairman	A.3.1	Compliant	<p>The Chairman is as an outstanding business leader and provides leadership to the Board, controls and preserves order at Board meetings and provides the Board with strategic direction and guidance in managing the affairs of the Company.</p> <p>The Chairman maintains close contact with all Directors and, where necessary, holds meetings with Non-Executive Directors without Executive Directors being present.</p> <p>The Chairman is also responsible for:</p> <ul style="list-style-type: none"> Ensuring the new Board Members are given an appropriate induction, covering terms of appointment. Ensuring 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. Ensuring that a balance of power between Executive and Non-Executive Directors is maintained. Ensuring that the views of Directors on issues under consideration are ascertained. Ensuring that the agenda for board meetings is developed in consultation with the Managing Director, Head of Finance and the Company Secretary taking into consideration the matters relating to strategy, performance, resource allocation, risk management and compliance.
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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.

11.	Financial acumen and knowledge	A.4	Compliant	<p>The Board includes three senior Chartered Accountants [ICASL & CIMA UK] one of whom serves as the Chairman of the Audit Committee.</p> <p>These Directors add substantial value and independent judgment on the decision-making of the Board on matters concerning finance and investment.</p>
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Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
A.5 Board Balance			
The Code requires that a balance is maintained between the Executive and Non-Executive Directors (NEDs) so that no individual or a small group of individual Directors are able to dominate the Board's decision-making. The Board consists of Two (02) Executive Directors and Seven (07) Non-Executive Directors. Each of them brings to the Board, wide experience and the ability to exercise independence and judgment when taking informed decisions.			
12. Presence of Non-Executive Directors	A.5.1	Compliant	The Board consists of 9 Directors comprising Executive Directors (ED) - 02, Non-Executive Directors (NED) - 04, Independent Non-Executive Directors - 03 INED
13. 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 of any business or any other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
14. 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.
15. Determination of Independence	A.5.5	Compliant	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: Mr. D. T. R. De Silva Ms. A. I. Wanigasekera Ms. A. A. K. Amarasinghe
16. Alternate Directors	A.5.6	Compliant	No alternate Director has been appointed by any of the Board Members.
17. Senior Independent Director	A.5.7	Compliant	The Board has appointed Mr. D. T. R. De Silva as the Senior Independent Director ['SID'] of the Company. A report from the SID is included in page no 99 of the Annual Report.
18. Role of the SID	A.5.8.	Compliant	The SID makes himself available for confidential discussions with other directors who have concerns which they believe have not been properly considered by the Board. Refer Report of the SID on page no. 99.
19. Meetings between Chairman and Non-Executive Directors	A.5.9	Compliant	The Chairman holds meetings with Non-Executive Directors without the presence of Executive Directors as necessary and at least once a year.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
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.			
20. Obligation of the Management to provide appropriate and timely information to the Board	A.6.1	Compliant	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.
21. Adequate time for effective Board meetings	A.6.2	Compliant	The Minutes, Agenda and papers required for Board meetings 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.			
22. Nominations and Governance Committee	A.7.1 & A.7.2	Compliant	<p>The Company established its own Nominations and Governance Committee (NGC) on 6th May 2024. Please refer NGC report on page no. 95</p> <p>The Board annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.</p>
23. Disclosure of new appointments	A.7.4	Compliant	A brief resume of the Director, 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 18 to 19 of the Annual Report.
24. Report of the NGC in the Annual Report	A.7.5	Compliant	A Report of the NGC is included in page no. 95 of the Annual Report.
25. Terms of Reference of NGC	A.7.6	Compliant	The NGC has comprehensive Terms of Reference, which include the composition and functions of the NGC.
A.8 Re-election of Directors			
All Directors should be required to submit themselves for re-election at regular intervals at least once in every three years.			
26. Re-election of Directors:	A.8.1 & A.8.2	Compliant	<p>The provisions of the Company's Articles of Association require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at that meeting.</p> <p>The Articles of Association call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment/re-appointment. Retiring Directors are generally eligible for re-election. The Managing Director does not retire by rotation.</p>
27. Resignation of Directors:	A.8.3	Compliant	Directors who resigned prior to completion of his/her appointed term, provided a written communication to the board of his/her reasons for resignation.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
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 responsibilities are satisfactorily discharged.			
28. Annual performance evaluation of the Board and its Committees	A.9.1, A.9.2, A.9.3 & A.9.4	Compliant	The Board undertakes an annual self-evaluation of its own performance and of its committees. The Board evaluated its performance and effectiveness in the current year.
A.10 Disclosure of Information in Respect of Directors			
Details in respect of each Director should be disclosed in the Annual Report for the benefit of the Shareholders.			
29. Details in respect of Directors	A.10.1	Compliant	<p>The following details pertaining to each Director are disclosed as follows:</p> <p>[a] Brief profile with expertise and experience - pages 18 to 19</p> <p>[b] Directors' Interest in Contracts - page 89</p> <p>[c] Attendance at Board Meetings and Committee meetings held during the year - pages 64, 93, 94, 95 and 97.</p>
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.			
30. Targets and evaluation of the Managing Director	A.11.1 & A.11.2	Compliant	<p>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.</p> <p>The performance of the Managing Director is evaluated by the Board each quarter 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.</p>
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.			
31. Remuneration Policy	B.1	Compliant	The Company has a formal and transparent procedure for fixing remuneration of Executives and Directors. No director is involved in deciding his/her own remuneration.
32. Establishment of Remuneration Committee	B.2.1, B.2.2, B.2.3	Compliant	<p>The Company established its own Remuneration Committee on 6th May 2024. Refer Report of the Remuneration Committee on page no. 94</p> <p>Details of the payment of remuneration to Directors are disclosed in page 89 of the Annual Report.</p>
33. Terms of Reference of Remuneration Committee	B.2.16	Compliant	The Remuneration Committee has comprehensive Terms of Reference, which include the composition and functions of the Committee.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24	
B.2 The Level and Make up of Remuneration				
The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.				
34.	Level of Remuneration	B.2, B.2.4, B.2.6, B.2.7	Compliant	The Remuneration Committee structures the remuneration package to attract, retain and motivate the Directors needed to run the company successfully but avoid paying more than is necessary for this purpose. The remuneration levels relative to other companies and performance of the Directors are taken into account when considering the remuneration levels of the Directors.
35.	Levels of Remuneration of Executive Directors	B.2.5 & B.2.8	Compliant	Remuneration for Executive Director(s) promotes short, medium and long term performance of the Company. The performance-related elements are transparent and is reviewed by the Remuneration Committee annually against the set targets and goals.
36.	Levels of Remuneration of Non-Executive Directors	B.2.14	Compliant	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.3 Disclosure of Remuneration				
The Code requires the Company to disclose in its Annual Report the details of the Remuneration paid and the Remuneration Policy.				
37.	Disclosure of Remuneration and Remuneration Committee	B.3, B.3.1 & B.2.15	Compliant	Please refer page 89 for the total Directors' remuneration. A Report of the Remuneration Committee is included in page no 94 of the Annual Report.
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 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.				
38.	Adequate Notice of AGM	C.1.1, C.1.2 and C.1.3	Compliant	<p>The Annual Report including Financial Statements of the Company are published on the websites of the Company and the Colombo Stock Exchange [CSE]. Notice of Meeting and the Form of Proxy are sent to shareholders 15 working days prior to the date of the AGM as required by statute in order to provide the opportunity to all the shareholders to attend the AGM.</p> <p>The Company proposes a separate resolution at the AGM on each substantially separate issue.</p> <p>Further, the adoption of the Annual Report of the Board of Directors on the Affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.</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 on a show of hands, except where a poll is called.</p>

Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
C.2 Communication with Shareholders			
The Code requires that the Board should implement effective communication with Shareholders.			
39. Channel to reach all Shareholders	C.2.1	Compliant	The main mode of communication between the Company and the Shareholders is the AGM. Shareholders are provided with the information prior to the AGM. Further, financial and other announcements are promptly submitted to CSE to publish in the CSE website.
40. Policy methodology and process for communication with shareholders.	C.2	Compliant	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.
41. Contact person for communication	C.2.4 & C.2.6	Compliant	Details of contact persons are disclosed in the Corporate Structure in this Annual Report and Quarterly Financial Statements.
42. Process to make Directors aware of major issues and concerns of Shareholders	C.2.5	Compliant	All major issues relating to Shareholders are brought to the attention of the Board.
C.3 Major Transactions			
The Code requires that the Board discloses major and material transactions of the Company to its Shareholders.			
43. Channel to inform details of major transactions to Shareholders	C.3, C.3.1, C.3.2 & C.3.3	Compliant	The Company disclosed details of the major and material transactions of the Company to its Shareholders through financial and other announcements submitted to the CSE. The Company complied with the Companies Act No. 07 of 2007 ['Companies Act'] and CSE Listing Rules pertaining to major transactions.
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.			
44. Board's responsibility for Statutory and Regulatory Reporting	D.1, D.1.1, D.1.2, D.1.3	Compliant	The Board has recognised the responsibility to present regulatory and statutory reporting in a balanced and understandable manner. When preparing Quarterly and Annual Financial Statements, the Company complied with the requirements of the Companies Act, the Listing Rules of the CSE and prepared and presented them in accordance with Sri Lanka Accounting Standards. The Financial Statements includes a statement from the CEO and Head of Finance declaring that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company.
45. 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" that appears on pages 88 to 91 of the Annual Report.
46. Statement of Directors and Auditors	D.1.5	Compliant	The "Statement of Directors' Responsibilities" is given on page 92 and the "Auditors' Report" is given on page 103 to 107 of the Annual Report.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
47. Management Discussion & Analysis in the Annual Report	D.1.6	Compliant	The "Management Discussion and Analysis" is given on page 34 of the Annual Report.
48. Summoning an EGM in the event the net assets of the company falls below 50% of the value of the company's shareholders' funds.	D.1.7	Compliant	Net assets of the Company did not fall below 50% of the value of the Company's Shareholders' funds during Financial Year 2023/24.
49. Disclosure of related party transactions	D.1.8	Compliant	Refer the "Related Party Transactions Review Committee Report" on page 93 of the Annual Report.
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.			
50. Annual evaluation of the Internal Controls System and Risk Management	D.2.1, D.2.1.1, D.2.1.2, D.2.1.3	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.
51. 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 90, 81 to 87 of the Annual Report.
52. 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.

Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
D.3 Audit Committee			
<p>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. Mr. D. T. R. De Silva is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. The Managing Director, General Manager and the Head of Finance attend the meetings of the Audit Committee by invitation. The Audit Committee has written Terms of Reference and is empowered to examine any matters relating to the financial affairs of the Company and its Internal and External Audits.</p> <p>It helps the Company to strike the proper balance between conformance and performance.</p>			
53. Composition of the Audit Committee	D.3.1	Compliant	<p>Audit Committee consists of Three (03) Non-Executive Directors</p> <ul style="list-style-type: none"> Mr. D. T. R. De Silva - Chairman Ms. W. D. De Costa - Member Ms. A. I. Wanigasekera - Member <p>The Company Secretary serves as its Secretary. The Chairman, Managing Director, Head of Internal Audit and 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>
54. Terms of Reference of the Audit Committee	D.3.2	Compliant	<p>The scope of the Audit Committee has been widened to include risk management duties. Refer the Audit Committee Report on page no. 97.</p> <p>Terms of Reference of the Audit Committee clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee.</p>
55. Disclosures of the Audit Committee	D.3.3	Compliant	<p>The Report of the Audit Committee is given on page no. 97 of the Annual Report.</p>
D.4 Risk Committee			
<p>The Board should establish a procedure for risk management including how risks are determined, risk culture, risk appetite, risk identification and classification, rating and management of risk.</p>			
56. Established procedure for risk management	D.4	Compliant	<p>The Audit Committee oversees the procedure for risk management including how risks are determined, risk culture, risk appetite, risk identification and classification, rating and management of risk.</p>
D.5 Related Party Transactions Review Committee			
<p>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.</p>			
57. A related party and related party transactions will be as defined in LKAS 24.	D.5.1	Compliant	<p>The Company adopts the definition of a related party and related party transactions as defined in LKAS 24.</p>

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
58. Establishment of Related Party Transaction Review Committee and composition.	D.5.2	Compliant	The Company established its own Related Party Transactions Review Committee [RPTRC] on 6th May 2024. Please refer Report of the RPTRC on page no. 93
59. Written terms of reference of Related Party Transaction Review Committee.	D.4.3	Compliant	The RPTRC has written Terms of Reference.
D.6 Code of Business Conduct 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.			
60. Code of Business Conduct and Ethics	D.6	Compliant	The Directors and the members of the senior management are bound by the 'Hayleys Way' which is the code of business conduct and ethics of the Hayleys Group. 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.
D.7 Corporate Governance Disclosure			
Directors of the Company disclose annually the Company's adherence to the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.			
61. Disclosure of corporate governance	D.7.1	Compliant	This requirement is met through the presentation of the Annual Report.
E. INSTITUTIONAL INVESTORS			
Institutional shareholders have the responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are transacted into practice.			
E.1 Shareholders' Voting			
62. 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.
F. OTHER INVESTORS			
63. Investing/Divesting Decision	F.1 & F.2	Compliant	Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. They are also encouraged to participate in General Meetings of companies and exercise their voting rights. Information is disseminated to all shareholders.

Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
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G. INTERNET OF THINGS & CYBER SECURITY

The Board should have a process to identify how the business models, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cybersecurity risks that may affect the business.

64.	Internet of Things & Cyber Security	G.1	Compliant	<p>The Company has implemented a property management and financial information system which has increased the effectiveness and efficiency in the provision of management information and has implemented a comprehensive IT policy which strengthens controls of the organisation's IT System and ensures unauthorised access and data loss is prevented.</p> <p>Hayleys Group's Disaster Recovery Policy ensures that daily backups are taken in a timely manner and stored in remote locations ensuring reduction of downtime and continuity of operations during a disaster.</p>
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H. SUSTAINABILITY: ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG) RISK AND OPPORTUNITIES

The process of recognising, managing measuring and reporting ESG

65.	ESG Reporting	H.1	Compliant	<p>ESG policies and practices implemented to develop long term sustainability of Company and risks and opportunities are discussed by the management of the Company at regular intervals. On a quarterly basis the information is gathered and presented to the Group for inclusion in the Sustainability Report of the parent company Hayleys PLC.</p>
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Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/24
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I. SPECIAL CONSIDERATIONS FOR LISTED ENTITIES

Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.

66.	Establishments of the following Policies:	I.1.1	Compliant	<p>The Company has established policies relating to Matters relating to the Board, Board Committees, Corporate Governance, Nominations, Remuneration, Internal Code of Business Conduct, Risk Management and Internal Control, Relations with Shareholders and Investors, Environment, Social Governance and Sustainability and Anti Bribery and Corruption. The Hayleys Lifecode is accessible through the Company website, and the Company is in the process of establishing the other policies.</p>
	a) matters relating to the board of directors			
	b) board committees			
	c) corporate governance, nominations, and re-election			
	d) remuneration			
	e) internal code of business conduct and ethics for all directors and employees, including policies on trading in the entity's listed securities			
	f) risk management and internal controls			
	g) relations with shareholders and investors			
	h) environmental, social and governance sustainability			
	i) whistleblowing			
	j) anti-bribery and corruption			

SECTION 2: COLOMBO STOCK EXCHANGE LISTING RULES

STATEMENT OF COMPLIANCE

This section covers Hayleys Leisure PLC's extent of adherence to the requirements of Sections 7 and 9 of the Listing Rules of the Colombo Stock Exchange.

COMPLIANCE WITH CSE CONTINUING LISTING RULES – SECTION 7.6

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Page Reference
7.6 [i], [ii]	Names of persons who during the financial year were Directors and principal activities during the year	Compliant	Report of the Board of Directors Pages 88 to 91
7.6 [iii], [iv]	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	Compliant	Shareholder Information page 167
7.6 [v]	Directors' and CEO's(MD's) holding in shares	Compliant	Report of the Board of Directors Page 89
7.6.[vi]	Material foreseeable risk factors of the entity	Compliant	Risks and Opportunities on page 81
7.6 [vii]	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital on page 44
7.6 [viii]	Extents, locations, valuations, number of buildings	Compliant	Statement of Value of Real Estate Note no. 15 to the Financial Statements
7.6 [ix]	Number of shares representing the Entity's stated capital	Compliant	Report of the Board of Directors Page 88
7.6 [x]	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Shareholder Information page 167
7.6 [xi]	Ratios and Market Price Information	Compliant	Page 168
7.6[xii]	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Note no. 15 to the Financial Statements
7.6 [xiii]	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A
7.6[xiv]	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	N/A
7.6 [xv]	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Compliant	Corporate Governance Report Pages 77 to 80
7.6 [xvi]	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Compliant	Refer Related party transactions on pages 157 to 159

COMPLIANCE WITH CSE CONTINUING LISTING RULES – SECTION 9

CSE Rule Reference	Subject	Compliance Status	Extent of Adoption
9.2.1	Policies	Compliant	The Company has established and continues to maintain the policies on Board Committees, Corporate Governance, Nominations, Remuneration, Internal Code of Business Conduct, Risk Management and Internal Control, Relations with Shareholders and Investors, Environment, Social Governance and Sustainability and Anti Bribery and Corruption and is in the process of establishing the other policies in terms of the Listing Rules of the CSE .
9.3	Board Committees	Compliant	The Company has established an Audit Committee, Nominations and Governance Committee, Remuneration Committee and Related Party Transactions Review Committee.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board.
9.4.1	Meeting Procedures	Compliant	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with Shareholders	Compliant	<p>The Company has a Shareholder Communication and Relations policy and it is published on the corporate website.</p> <p>The contact person is mentioned.</p> <p>The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.</p>
9.5.	Policy on matters relating to the Board of Directors	Compliant	The Company maintains a Policy on Matters relating to the Board of Directors.
9.6. 2	Chairperson and CEO	Compliant	The positions of Chairperson and CEO are held by separate individuals.
9.6.3	Senior Independent Director	Compliant	The Company has a Senior Independent Director (SID).
9.6.3. [b]	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company.
9.6.3. [c]	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Non-Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. [e]	Senior Independent Director	Compliant	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in page 99.
9.7.1	Fitness of Directors and CEO	Compliant	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfil the assessment criteria set out in the Listing Rules.
9.7.4	Fitness of Directors and CEO	Compliant	The Directors and the CEO have provided declarations confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation.

CSE Rule Reference	Subject	Compliance Status	Extent of Adoption
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 9 Directors as at 31st March 2024.
9.8.2	Independent Directors	Compliant	3 Directors are Independent.
9.8.3	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Compliant	Each Non-Executive Director signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director.
9.10.1	Disclosure relating to Directors		As per the Company's policy, the maximum number of directorships a Director can hold is in 20 listed companies.
9.10.2	Disclosure relating to Directors	Compliant	The Company disclosed the appointments of new Directors to the CSE together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Company. Appointments are reviewed by the Nominations and Governance Committee of the Company and recommended to the Board of the Company. Please refer pages 18 to 19 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Compliant	All changes to Board Committees were immediately informed to the CSE.
9.10.4	Disclosure relating to Directors	Compliant	Please refer pages 18 to 19, 88 to 91, 64 to 80
9.11.1-3	Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 95
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 3 Non-Executive Directors.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 95
9.12. 1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 94 and Principles B1 to B3 on page 70 to 71 of this Corporate Governance Report.
9.12.7	Functions of Remuneration Committee	Compliant	The Remuneration Committee recommends the remuneration payable to the Executive Directors and the CEO.

Corporate Governance

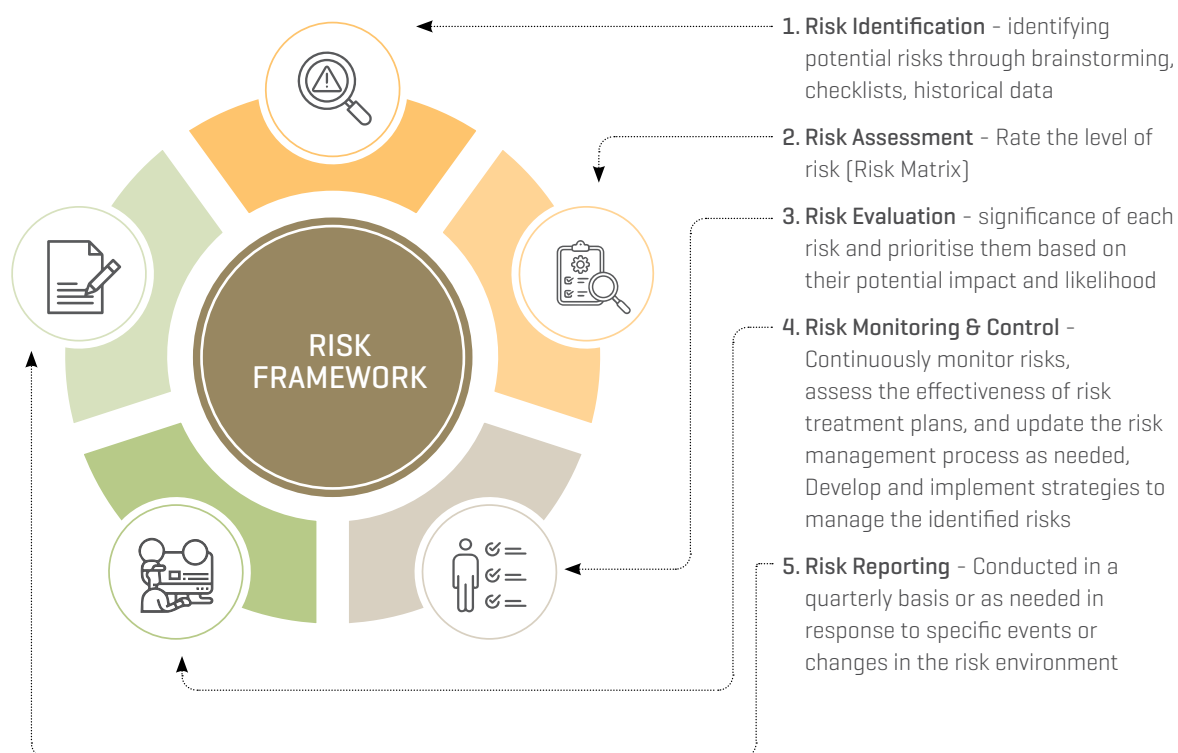
CSE Rule Reference	Subject	Compliance Status	Extent of Adoption
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	The remuneration paid to Directors is given in note 30.3 to the financial statements on page 159.
9.13.3	Composition of Audit Committee	Compliant	Refer Audit Committee Report on pages 97 to 98
9.13.4	Audit Committee Functions	Compliant	Refer Audit Committee Report on pages 97 to 98
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	Refer Audit Committee Report on pages 97 to 98
9.14. 2	Composition of the Related Party Transactions Review Committee [RPTRC]	Compliant	The RPTRC comprises 3 Non-Executive Directors. Refer Report of the Related Party Transactions Review Committee in page 93
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transactions Review Committee in page 93.
9.14.4	RPTRC Meetings	Compliant	RPTRC met 04 times during the Financial year 2023/24.
9.14.7	Immediate Disclosures	Compliant	Please refer Note 30 of the Notes to the Financial Statements on pages 157 to 159
9.14.7	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	Please refer Note 30 of the Notes to the Financial Statements on pages 157 to 159
9.14.8	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transactions Review Committee on page 93
9.14.8 [4]	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 88 to 91
9.16	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on pages 88 to 91 and Corporate Governance Report on pages 64 to 80.

Risk Management Framework

OUR APPROACH

Our comprehensive risk management framework empowers our businesses to make informed decisions by defining acceptable and unacceptable risks. It establishes processes and internal controls to assess these risks and maintain them within our desired tolerance. This 5-step Risk Management Framework proactively anticipates potential obstacles to customer satisfaction and strengthens our resilience against external threats.

Our evolving governance practices continuously support our Sector's strategic goals. Through enhanced risk understanding and management, we provide greater confidence and security to our stakeholders, including shareholders, employees, customers, suppliers, and the communities we operate in.

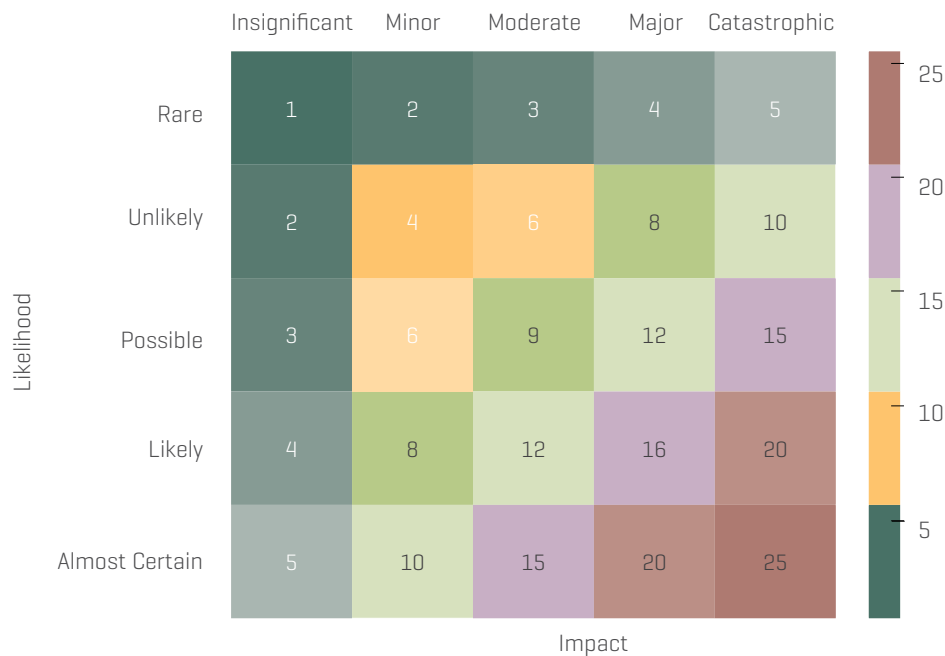


EMERGING RISKS AND OPPORTUNITIES

The Board actively assesses potential risks and opportunities that could affect the Sectors' future trajectory. Our risk management framework facilitates early detection of emerging risks and opportunities, enabling thorough tracking and evaluation. This allows the management to measure our preparedness for potential scenarios and adjust strategies accordingly. Notably, "Climate Change," previously categorised as an emerging risk, now features prominently in the Sector's principal risk register. The direct impact of adverse weather events and the implications of evolving climate-related legislation, aligning with our assessment.

Risk Management Framework

RISK HEAT MAP






Likelihood/Impact	Insignificant [1]	Minor [2]	Moderate [3]	Major [4]	Catastrophic [5]
Very Low [1]	Low [1]	Low [2]	Low [3]	Moderate [4]	Moderate [5]
Low [2]	Low [2]	Low [4]	Moderate [6]	High [8]	High [10]
Medium [3]	Low [3]	Moderate [6]	Moderate [9]	High [12]	Extreme [15]
High [4]	Moderate [4]	High [8]	High [12]	Extreme [16]	Extreme [20]
Very High [5]	Moderate [5]	High [10]	Extreme [15]	Extreme [20]	Extreme [25]




RISK PANAROMA

Risk	Key influencing Factors	Mitigation Strategy	
Interest rate risk <ul style="list-style-type: none"> Elevated borrowing costs can diminish profitability and constrain investment prospects Negatively influence on Consumer confidence and subsequently travel demand 	Economic Recovery Efforts Inflation and Currency Stability Government Policies and External Support	<ul style="list-style-type: none"> Monitor evolving interest rate trends Adapt pricing and marketing schemes Capital structure management 	Risk Priority Medium Trend Time Frame Medium-Long term Related Capital Financial capital

Risk	Key influencing Factors	Mitigation Strategy	
Exchange rate risk <ul style="list-style-type: none"> · Pose challenges to the company's revenue and profitability · Disruptions in the supply chain and shortages of imported goods due to exchange rate volatility can impact operating costs 	Economic Instability Inflation & Monetary Policy	<ul style="list-style-type: none"> · Monitor exchange rate dynamics and key economic indicators · Effective cost management · Diversification of revenue streams 	Risk Priority High Trend  Time Frame Medium-Long term Related Capital Financial capital
Credit risk <ul style="list-style-type: none"> · Potential for loan defaults resulting in financial losses · Negative cash flows straining operational working capital 	Debt Sustainability Geopolitical condition	<ul style="list-style-type: none"> · In place of Credit policy with strong credit limits, payment terms, and regular reviews of customer creditworthiness · Vigilant oversight of payment systems and security measures · Engaging in strategic negotiations with suppliers to secure over advantageous payment terms 	Risk Priority Medium Trend  Time Frame Medium-Long term Related Capital Financial capital
Liquidity risk <ul style="list-style-type: none"> · Inadequate cash flow can hinder the fulfilment of financial commitments · Penalties and additional interest charges due to delays in meeting statutory obligations · Restricted liquidity contributing to financial vulnerability and instability 	Dependence on Imports Political Instability External debt burden	<ul style="list-style-type: none"> · Leveraging efficient working capital management strategies. · Contingent business continuity plans · Actively manage accounts receivable & payables 	Risk Priority Low Trend  Time Frame Medium-Long term Related Capital Financial capital
Concentration risk <ul style="list-style-type: none"> · Market Segment Concentration · Dependence on third-party channels for distribution and sales · Limited supplier base leading to potential disruptions 	Limited Source Markets Customer Segmentation Environmental and Health Factors	<ul style="list-style-type: none"> · Broadening new markets and demographics · Developing and promoting diverse tourism products i.e. Adventure tourism/ ecotourism · Creation of supplier tier base 	Risk Priority Medium Trend  Time Frame Medium-Long term Related Capital Social and relationship capital

Risk Management Framework

Risk	Key influencing Factors	Mitigation Strategy	
Sociopolitical Risks <ul style="list-style-type: none"> Changes in government, political unrest, or civil conflicts can create uncertainty and negative brand image Past security issues can lead to travel advisories and reduced tourist confidence 	Media and perception Policy and social instability Security & safety	<ul style="list-style-type: none"> Positive Media Campaigns and social media monitoring Robust surveillance infrastructure and Comprehensive insurance coverage 	Risk Priority Low Trend  Time Frame Medium-Long term Related Capital Social and relationship capital
Competitor risk <ul style="list-style-type: none"> Fragmentation of market share due to extreme competition from emerging hotel chains Pricing and Value for Money, offer similar experiences at lower costs which can attract budget-conscious travellers 	Service Quality and Infrastructure development Marketing & Branding Regional competition	<ul style="list-style-type: none"> Implementing captivating marketing campaigns to allure customers Constant innovation in product and service offerings 	Risk Priority High Trend  Time Frame Short - Medium-Long term Related Capital Social and relationship capital
Supply chain risk <ul style="list-style-type: none"> Seasonal variations and unpredictable fluctuations in demand can cause potential shortages, delayed deliveries, or higher costs. Non-compliance with regulatory requirements or product safety standards can lead to customer dissatisfaction and potential legal consequences. 	Transportation and logistics Climate vulnerability Import regulations & compliance requirements	<ul style="list-style-type: none"> In place of supplier screening and onboarding process Regular audits and assessments of suppliers Encouraging local sourcing of goods and services 	Risk Priority High Trend  Time Frame Short - Medium-Long term Related Capital Social and relationship capital

Risk	Key influencing Factors	Mitigation Strategy	
Climate Change risk <ul style="list-style-type: none"> Customers preference increase towards sustainable products Risk of slow adoption to lower carbon economy 	Increased carbon emission Water Quality	<ul style="list-style-type: none"> Introduction of products built with sustainable raw materials Introduction of more sustainable Initiatives to reach Carbon Net Zero 	Risk Priority High Trend  Time Frame Medium-Long term Related Capital Natural Capital
Food & Hygiene Safety <ul style="list-style-type: none"> Non-compliance with food and hygiene safety regulations can lead to negative publicity Foodborne Illnesses 	Impact of climate Water Quality	<ul style="list-style-type: none"> Comply with updated licenses, ISO certifications and permits Allergen Management Adequate training in food safety, proper handling, storage, and preparation methods 	Risk Priority Medium Trend  Time Frame Short - Medium-Long term Related Capital Human Capital
Post Pandemic related health risks <ul style="list-style-type: none"> Residual COVID-19 and emerging variants globally leading to reintroduction of safety protocols affecting tourists 	Change in Lifestyle	<ul style="list-style-type: none"> Monitor global health & safety regulations 	Risk Priority Medium Trend  Time Frame Medium-Long term Related Capital Human Capital
Employee turnover risk <ul style="list-style-type: none"> Ongoing challenges in the industry has resulted in employees looking for alternative employment, locally and internationally Challenges in attracting, developing, and retaining skilled employees 	Competitive Job Market Inflation	<ul style="list-style-type: none"> Salary and benefits benchmarked to industry Constant offering of training and development programs Defined, structured career paths for key employees 	Risk Priority High Trend  Time Frame Short - Medium-Long term Related Capital Human Capital

Risk Management Framework

Risk	Key influencing Factors	Mitigation Strategy	
Business Continuity risk <ul style="list-style-type: none"> Disruption to operation due to external factors i.e. power outages, natural disaster, political unrest etc 	External Factors	<ul style="list-style-type: none"> Training & Drills conducted on Disaster preparedness for employees Periodic reviews and regular updates are conducted for existing BCP and SOPs 	Risk Priority Medium Trend — Time Frame Medium-Long term Related Capital Manufactured Capital
Theft & Fraud <ul style="list-style-type: none"> Potential damage to brand leading to loss of business opportunity 	Economic Hardship	<ul style="list-style-type: none"> Enforced robust security surveillance Comprehensive Whistle Blowing Policy 	Risk Priority Medium Trend — Time Frame Medium-Long term Related Capital Manufactured Capital
Regulatory Compliance risk <ul style="list-style-type: none"> Non-compliance of Licenses & permits, environmental and labour law compliances leading to damage in organisations reputation, penalties and charges 	Regulatory Complexity and Economical Changes	<ul style="list-style-type: none"> In place of Anti-corruption and Anti-bribery policy Formulation of ESG Roadmap in line with the Groups' Life code 	Risk Priority Medium Trend ^ Time Frame Medium-Long term Related Capital Intellectual Capital

Risk	Key influencing Factors	Mitigation Strategy	
Cyber Security <ul style="list-style-type: none"> Possible phishing attacks, hacking, Denial of Service [DoS] Attacks, Man-in-the-Middle Attacks, Zero-Day Exploits and Lack of Security Awareness leading to Revenue loss, reputational damage and disruption of smooth operation 	Technological advancement	<ul style="list-style-type: none"> Continuing employee awareness programs Enabled enhanced spam filtering rule Suspicious emails are scanned through SAFEYE SOC team reporting the root cause and impact 	Risk Priority Medium Trend ⬆️ Time Frame Medium-Long term Related Capital Intellectual Capital
Data Privacy risk <ul style="list-style-type: none"> Loss of Guest PI, Staff PI, Vendor and Organisational Confidential Information 	Data collection, storing & sharing practices	<ul style="list-style-type: none"> Internationally reputed systems are in place which are geared to be in line with the data protection laws [EU GDPR] A gap analysis is in newly enforced Personal Data Protection Act in Sri Lanka. 	Risk Priority Medium Trend ⬆️ Time Frame Medium-Long term Related Capital Intellectual Capital

⬆️ Increased risk ➖ Constant risk ⬇️ Decreased risk

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, for the year ended 31st March 2024.

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] and the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka. The Financial Statements were reviewed and approved by the Board on 06th May 2024.

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 31st March 2024 and its future prospects.

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

PERFORMANCE AND APPROPRIATIONS

The Company's performance and financial position including that of its subsidiaries for the year ended 31st March 2024 is summarised in the Statements of Group financial and operational highlights 2023/24 on page 108 to 114.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Financial Statements of the Company and the Group are given on pages 108 to 163 of this report.

The Auditor's Report on the Financial Statements of the Company and the Group is given on pages 103 to 107.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2024 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 Rs. 142Mn. [2023 - Rs. 98Mn] 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 Statements.

INVESTMENTS

Details of investments held by the Company and by the Group are given in Note 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 18 to 19 of the Report.

Executive Directors

Mr. A. M. Pandithage
- Executive Chairman

Mr. R. J. Karunarahaj
- Managing Director

Non-Executive Directors

Mr. S. C. Ganegoda
Ms. R. N. Ponnambalam
Ms. W. D. De Costa
Ms. K. A. D. B. Perera
Mr. S. J. Wijesinghe
[deceased on 26.07.2023]

Independent Non-Executive Directors

Mr. S. H. Amarasekera
[Resigned w.e.f. 31.12.2023]
Mr. D. T. R. De Silva
Ms. A. I. Wanigasekera
[Appointed w.e.f. 03.01.2024]
Ms. A. A. K. Amarasinghe
[Appointed w.e.f. 03.01.2024]

In accordance with Rule 9.8.5 of the Listing Rules of CSE, Non-Executive Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9A of the Listing Rules of CSE.

In terms of the Article No. 29 of the Articles of Association of the Company Mr. S. C. Ganegoda and Mr. D. T. R. De Silva retire by rotation and being eligible offer themselves for re-election at the Annual General Meeting.

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. A. M. Pandithage notwithstanding the age limit of seventy years stipulated by Section 210 of the Companies Act.

Ms. A. I. Wanigasekera was appointed to the Board as an Independent Non-Executive Director on 3rd January 2024 in terms of Article No. 27 [2] of the Articles of Association of the Company, Shareholders will be requested to re-elect Ms. A. I. Wanigasekera at the Annual General Meeting.

Ms. A. A. K. Amarasinghe was appointed to the Board as an Independent Non-Executive Director on 3rd January 2024 in terms of Article No. 27 [2] of the Articles of Association of the Company, Shareholders will be requested to re-elect Ms. A. A. K. Amarasinghe at the Annual General Meeting.

With a view to improving the collective effectiveness and performance of the Board, Board and Sub Committee evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

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' shareholding are as follows:

	Shareholding as at 31.03.2024	Shareholding as at 31.03.2023
Mr. A. M. Pandithage	NIL	NIL
Mr. R. J. Karunarajah	NIL	NIL
Mr. S. C. Ganegoda	NIL	NIL
Mr. S. H. Amarasekera [Jt.]* Mr. B. M. Amarasekera & Mr. S. H. Amarasekera – 27,830 HSBC/Mr. B. M. Amarasekara & Mr. S. H. Amarasekara – 19,082 [Resigned w.e.f. 31.12.2023]	46,912	46,912
Mr. S. J. Wijesinghe [*deceased on 26.07.2023]	NIL	NIL
Ms. R. N. Ponnambalam	NIL	NIL
Ms. W. D. De Costa	NIL	NIL
Mr. D. T. R. De Silva	NIL	NIL
Ms. K. A. D. B. Perera	NIL	NIL
Ms. A. I. Wanigasekera [Appointed w.e.f. 03.01.2024]	NIL	NIL
Ms. A. A. K. Amarasinghe [Appointed w.e.f. 03.01.2024]	NIL	NIL

INTEREST REGISTER

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

DIRECTORS' INTERESTS IN SHARES

Directors interest in shares are given later in this report.

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the Company and its subsidiaries have made general disclosures as per section 192 [2] of the Companies Act Note 30.3 to the Financial Statements dealing with related party disclosure includes details of their interests in transactions.

DIRECTORS REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31st March 2024 is given in Note 30.3 to the Financial Statements.

Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2024 is Rs.74,544,966/- The total remuneration of Non-Executive Directors for the year ended 31st March 2024 is Rs.5,675,000/- 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 SUB COMMITTEES

Other than the Audit Committee of the Company, the Parent Company's Sub Committees acted as the Remuneration Committee, Nominations and Governance Committee and the Related Party Transactions Review Committee of the Company during the Financial Year ended 31st March 2024. The Company on 6th May 2024, established its own Board Sub Committees.

The Remuneration Committee held 02 meetings, the Nominations and Governance Committee held 11 meetings and the Audit Committee held 04 meetings respectively during the year.

Please refer the Sub Committee reports on page nos. 93, 94, 95 to 96 and 97 to 99.

POLICIES

The Company has adopted the policies established by the Parent Company on Matters relating to the Board of Directors and Board Committees, Corporate Governance, Nominations and Re-election, Remuneration, Risk Management and Internal Control, Whistleblowing and Anti-Bribery and Corruption.

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

'The Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The 'Hayleys Lifecode' includes a suite of environmental, social and governance related policies which are applicable across the Group. The Hayleys Lifecode is accessible through the Company website. The Company is in the process of formulating the other required policies.

RELATED PARTY TRANSACTIONS

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 09 of the Listing Rules of CSE.

The Related Party Transactions Review Committee met 04 times during the year. Related party transactions are given in Note 30 to the Financial Statements.

The Company established its own Related Party Transactions Review Committee on 6th May 2024. Please refer page number 93 for the Related Party Transactions Review Committee Report.

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 704.

SHAREHOLDERS DISTRIBUTION & PUBLIC SHAREHOLDING

The distribution of shareholders is indicated on page 167 in the Annual Report. There were 2,214 registered shareholders as at 31st March 2024. The percentage of the shares held by

the public as per the Listing Rules of CSE being 31.45% representing 2,207 shareholders.

SHAREHOLDING INFORMATION

Information relating to major shareholders of the Company as at 31st March 2024 is given on page 167.

DIVIDENDS

No Dividends were declared during the Financial Year under review.

MARKET PRICE INFORMATION

Information relating to market price is given on page 166.

INSURANCE & INDEMNITY

The ultimate 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 during the year.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been made and provided.

TAXATION

The tax position of the Company is given in Notes 12 to the Financial Statements.

CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at 31st March 2024 other than that described in Note 28.3 of the Financial Statements.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of Financial Statements are given on pages 115 to 128. The Accounting Policies adopted are consistent with those of the previous year.

EXPOSURE TO RISK

The Company's Audit Committee play a major role in the process of risk assessment. 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. 3,163,630/- (2023 - Rs. 2,392,222/-) as audit fees by the Group. In addition, they were paid Rs. 659,419/- (2023 - Rs. 598,420/-) 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 relationship (other than that of Auditors) or interest in the Company other than those disclosed above.

Messrs. Ernst & Young, Chartered Accountants 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

Subsequent to the date of the Balance Sheet, no circumstances have arisen which would require adjustments to the accounts.

Significant events occurring after the reporting date are given in Note 31 to the Financial Statements.

GOING CONCERN

The Directors, after making necessary inquiries and reviews including the 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.

CORPORATE GOVERNANCE

The Company has complied with the revised Corporate Governance rules laid down under the Listing Rules of the CSE and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The

Corporate Governance Report on pages 64 to 80 discusses this further. Mr. D. T. R. De Silva was appointed as the Senior Independent Director on 1st November 2023 in accordance with the Corporate Governance requirements. The Board was of the opinion that Mr. A. M. Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Group. Please refer the Senior Independent Director's Report on page 99.

The Directors satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. There were no non-compliances by any Director during the financial year.

The Directors have declared all material interests in contracts involving the Company and the Group and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules and other regulatory requirements.

There have been no non-compliances with laws or regulations and the Directors to the best of their knowledge and belief confirm that the Company nor the Group have engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company and the Group by the Government or any regulatory authority in any jurisdiction where the Group companies operate.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Chas P. Hayley Lounge, No. 400, Deans Road, Colombo 10 at 11:00 a.m. on 26th June 2024. The Notice of the Annual General Meeting appears on page 170 of the Annual Report.

For and on behalf of the Board
Hayleys Leisure PLC



Mohan Pandithage
Executive Chairman



Rohan Karr
Managing Director



Hayleys Group Services (Private)
Limited
Secretaries

06 May 2024

Statement of Directors' Responsibilities

The Directors are responsible, under the Sections 150 and 151 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 as at the end of the financial year and of the profit & loss of the Company 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 disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

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

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS).

The Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken reasonable measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control in order to prevent and detect fraud and other irregularities.

The External Auditors, Messrs. Ernst & Young, Chartered Accountants, were deemed 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 pages 103 to 107 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 as at the Balance Sheet date have been paid or provided where relevant.

By Order of the Board of Hayleys Leisure PLC



Hayleys Group Services (Private) Limited
Secretaries

06 May 2024

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee of Hayleys PLC, the Parent Company functioned as the Related Party Transactions Review Committee of Hayleys Leisure PLC.

ATTENDANCE AT RELATED PARTY TRANSACTIONS REVIEW COMMITTEE MEETINGS

Director	Attendance
Dr. H. Cabral, PC***	4/4
Mr. M. Y. A. Perera***	4/4
Mr. S. C. Ganegoda*	4/4

***Independent Non-Executive Director

*Executive Director

The Company formally established its own Related Party Transactions Review Committee on 6th May 2024. The Composition of the Committee is as follows:

Mr. D. T. R. De Silva*** - Chairman

Ms. A. I. Wanigasekera***

Mr. S. C. Ganegoda**

***Independent Non-Executive Director

** Non-Executive Director

The New Committee will review its scope and responsibilities in terms of the Revised Listing Rules of the CSE which came in to effect from 01st October 2023.

The Committee has well defined Terms of Reference.

Hayleys Group Services (Private) Limited, the Company Secretary of the Company serves as the Secretary of the Committee.

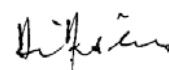
DUTIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Review in advance all proposed related party transactions of the Company and 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.
- Recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- Monitor that all related party transactions of the entity and group 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.
- Review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- Review the economic and commercial substance of both recurrent/non recurrent related party transactions
- 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.

ACTIVITIES DURING 2023/24

During the year the Committee reviewed the related party transactions and their compliances in Group Companies and communicated the same to the Board.

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



Mr. D. T. R. De Silva
Chairman
Related Party Transactions Review Committee

06 May 2024

Remuneration Committee Report

The Remuneration Committee of Hayleys PLC, the parent Company functioned as the Remuneration Committee of Hayleys Leisure PLC.

ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS

Director	Attendance
Dr. H. Cabral, PC **	2/2
Mr. M.Y.A. Perera **	2/2
Mr. M.H. Jamaldeen **	2/2
Mr. K.D G. Gunaratne ** [appointed w.e.f. 21/4/2023]	1/1

**Independent Non-Executive Director

The Company formally appointed its own Remuneration Committee on 6th May 2024. The Composition of the Committee is as follows:

Mr. D. T. R. De Silva*** - Chairman

Ms. A. I. Wanigasekera***

Mr. S. C. Ganegoda**

***Independent Non-Executive Director

** Non-Executive Director

The New Committee will review its scope and responsibilities in terms of the Revised Listing Rules of the CSE which came in to effect from 01st October 2023.

The Chairman assists the Committee by providing relevant information and participating in its analysis and deliberations, except when his own compensation package is reviewed.

The Remuneration Committee has well defined Terms of Reference.

The members of the Committee are Non-Executive Directors and are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

Responsible to the Board to determine the policy of the remuneration package of the Directors.

Evaluate, assess 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:

- Determining the compensation of the Chairman and Executive Directors.
- Lay down guidelines and parameters for the compensation structures of all management staff within the Group taking into consideration industry norms.
- Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- Review information related to executive pay from time to time to ensure same is in par with the market/industry rates.
- Evaluate the performance of the Chairman and Key Management Personnel against the predetermined 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.

REMUNERATION POLICY

The remuneration policy of the Company/Group is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for

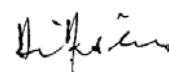
each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Company/Group's short term and long term strategy.

All Non-Executive Directors receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

ACTIVITIES IN 2023/24

- Reviewed the performance of the Chairman and the Executive Directors based on the targets set in the previous year and determined the bonus payable and the annual increments.
- Reviewed Executives' compensation and implemented market corrections to Executives total compensation in line with the market median.
- 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.



Mr. D. T. R. De Silva
Chairman
Remuneration Committee

06 May 2024

Nominations and Governance Committee Report

The Nominations and Governance Committee of Hayleys PLC, the Parent Company functioned as the Nominations and Governance Committee of Hayleys Leisure PLC. In terms of the Corporate Governance Rules of the Colombo Stock Exchange, on 1st November 2023, the Nominations Committee of the Parent Company was renamed as the Nominations and Governance Committee and the composition was changed to comply with Rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION FROM 1/4/2023 TO 1/11/2023

Mr. A.M. Pandithage* - Chairman

Dr. H. Cabral PC ***

Mr. M.Y.A. Perera *** - appointed w.e.f. April 21, 2023

Attendance at Committee Meetings

Director	Attendance
Mr. A.M. Pandithage*	7/7
Dr. H.C. Cabral ***	7/7
Mr. M.Y.A. Perera ***	7/7

* Executive Director

***Independent Non-Executive Director

COMPOSITION FROM 1/11/2023 TO 31/03/2024

Mr. M.Y.A. Perera *** - Chairman

Dr. H. Cabral PC ***

Mr. K.D.G. Gunaratne *** - appointed w.e.f. 1st November 2023

Attendance at Committee Meetings

Director	Attendance
Mr. M.Y.A. Perera***	4/4
Dr. H.C. Cabral***	4/4
Mr. K.D.G. Gunaratne***	4/4

The Company formally established its own Nominations and Governance Committee on 06 May 2024. The Composition of the Committee is as follows:

Mr. D. T. R. De Silva*** - Chairman

Ms. A. I. Wanigasekera***

Mr. S. C. Ganegoda**

***Independent Non-Executive Director

** Non-Executive Director

The Committee will review its scope and responsibilities in terms of the Revised Listing Rules of the CSE which came in to effect from 01 October 2023.

The Committee has well defined Terms of Reference.

Hayleys Group Services (Private) Limited, the Company Secretary of the Company serves as the Secretary of the Committee.

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- Evaluate and recommend the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
- Consider and recommend (or not recommend) the re- election of current directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re-appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the CEO of the Company to ensure their responsibilities are satisfactorily discharged.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- Develop succession plans for the Board of Directors and Key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices.
- Review and update the corporate governance policies/framework in line with regulatory and legal developments relating to same.
- Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

Nominations and Governance Committee Report

Activities

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director. Special Board meetings are called if the need arises to discuss an important or critical matter with the Board.

Newly appointed Directors are given an induction to the Company prior to their first Board meeting. The orientation programme includes inviting the Directors to the hotel properties to gain an understanding of the operations of the Company and its subsidiaries. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Non-Executive Directors of the Company have submitted declarations regarding their independence / non independence.

The fitness and proprietary of the Directors were examined.

RE-APPOINTMENTS / RE- ELECTIONS

One Third (1/3) of all the directors except the Managing Director, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the AGM.

Accordingly, the Committee has recommended to re-elect Mr. S C Ganegoda and Mr. D. T. R. De Silva to the Board at the Annual General Meeting to be held on 26 June 2024, based on their performance and contribution made to achieve the objectives of the Board.

Mr. Ganegoda was appointed to the Board in April 2021. His other directorships and principal commitments are given in his profile on page 18.

Mr. De Silva was appointed to the Board in September 2021. His other directorships and principal commitments are given in his profile on page 19.

Directors Ms. A. I. Wanigasekera and Ms. A. A. K. Amarasinghe who were appointed to the Board on 3rd January 2024 will come up for re-election by the shareholders at the forthcoming Annual General Meeting. Their profiles on page 19 set out their other principal commitments and directorships.

Due to the invaluable contribution made to the Board as a result of his many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. A. M. Pandithage who is over seventy years and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 77 to 80.



Mr. D. T. R. De Silva
Chairman
Nominations and Governance
Committee

06 May 2024

Audit Committee Report

COMPOSITION

The Audit Committee of Hayleys Leisure PLC, appointed by and responsible to the Board of Directors, comprises Three Non-Executive Directors, namely, Mr. D. T. R. De Silva, Ms. W. D. De Costa and Ms. A. I. Wanigasekera [appointed as a Member on 10th January 2024].

During the period 1st April 2023 to 31st December 2023 the Audit Committee Comprised Ms. W. D. De Costa [Chairperson], Ms. R. N. Ponnambalam [ceased to be a Member w.e.f. 10th January 2024], Mr. D. T. R. De Silva [appointed as a Member on 8th May 2023] and Mr. S. H. Amarasekera [resigned w.e.f. 31st December 2023].

On 10th January 2024, Mr. D. T. R. De Silva was appointed as the Chairperson of the Audit Committee in order to comply with the revised Listing Rules of the Colombo Stock Exchange. Mr. De Silva is a Fellow Member of the Chartered Institute of the Management Accountants UK and an Associate Member of the Institute of Chartered Accountants of Sri Lanka.

Brief profiles of each member are provided on pages 18 to 19 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Committee met 4 times to discuss the quarterly financial statements and year end financial statements.

Director	Meetings
Mr. D. T. R. De Silva [Chairman]*	4/4
Ms. W. D. De Costa**	4/4
Ms. A. I. Wanigasekera*	2/2
Ms. R. N. Ponnambalam**	2/2
Mr. S. H. Amarasekera*	1/2

* Independent Non-Executive Director

** Non-Executive Director

The 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 meetings of the Audit Committee by invitation. The Chairman of the Company and other Directors attend the meetings as required. Hayleys Group Services (Private) Limited, Company Secretaries act as the Secretary to the Committee.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Committee functions within the Terms of Reference approved by the Committee. The role of the Audit Committee is to assist the Board in fulfilling its oversight and responsibilities. The Terms of Reference is periodically reviewed and revised to make sure that new developments relating to the functions of the Audit Committee are included therein.

KEY RESPONSIBILITIES OF THE AUDIT COMMITTEE

- Recommend appointment, dismissal, service period and audit fee of the external auditors.

- Establish and maintain a direct communication channel with the external auditors.
- Resolve any issues regarding financial reporting between the management and the external auditor.
- Pre-approve all audit and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management, external auditors as necessary to carry out the assigned duties.

ACTIVITIES OF THE AUDIT COMMITTEE DURING FINANCIAL YEAR 2023/24

- Ensured 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, The Companies Act No. 07 of 2007 ['Companies Act'], Listing Rules of Colombo Stock Exchange ['Listing Rules of CSE'] and other financial reporting related regulations and requirements.
- Monitored and reviewed the adequacy and effectiveness of the Company's internal control system that has been designed to provide reasonable assurance to the directors that assets are safeguarded and that the financial reporting system can be relied upon in preparing and presenting the financial statements.

Audit Committee Report

- Reviewed the risk management, information security and business continuity planning of the Company to ensure that appropriate remedial actions are recommended to the Board wherever necessary.
- Assessed the independence and effectiveness of the External Audit function. It obtained written assurance from the external auditors that they are and have been Independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements and has made a determination of the independence of auditors based on the same.
- Recommended to the Board of Directors the appointment and audit fee of the external auditors.
- Pre-approved all audit and non-audit services performed by the internal auditors.
- Reviewed the Company's compliance with relevant legal and regulatory requirements which are fundamental to the Company's operations and continued business.
- Received assurance from the Managing Director and the Head of Finance of the Company of the status of the Company's operations and finances.
- Reviewed the scope, functions and resources of the internal audit department of Hayleys PLC's Group Management Audit and Systems Review Department which acts as the Internal Auditor of the Company, and was satisfied that the internal audit function was independent of the activities it audited and that it performed with impartiality, proficiency and due professional care. It also reviewed the reports of the internal auditors covering, all

sectors of the hotel and considered the major findings of internal investigations and management responses thereto and that follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

- Discussed and approved the Internal and External Audit Plan for the ensuing year.
- Reviewed the reports of the internal and external auditors covering, all sectors of the hotel and considered the major findings of internal investigations and management's responses thereto.
- Conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability related risks and opportunities.

The external auditor and the external audit partner were engaged with the Company for 20 and 5 years respectively.

The external auditors provided Tax Consultancy services as a non audit service during the financial year 2023/24.

ETHICS AND GOOD GOVERNANCE

The Committee continuously emphasised on upholding ethical values of the staff members. In this regard, the Code of Ethics, Whistle-Blowers Policy and Anti-corruption Policy were put in place and followed educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistle-Blowing or identified through other means. The Whistle-Blower Policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

Minutes of the Audit Committee meetings are approved by the Committee at the following meeting and are tabled at Board meetings to ensure that all Directors are kept informed of its activities.

The Company has a comprehensive Risk Management Framework that identify potential risks, implements effective mitigation strategies, and ensures compliance and operational assurance. The Risk Management Framework is reviewed by the Committee quarterly.

The Audit Committee is of the opinion that the Company has complied with the financial reporting requirements and information requirements under the Listing Rules of the Colombo Stock Exchange, the Companies Act No 07 of 2007, The Securities and Exchange Commission Act as amended and other relevant financial reporting related regulations and requirements.

The Committee will continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regulate intervals.



Mr. D. T. R. De Silva
Chairman
Audit Committee

06 May 2024

Statement by the Senior Independent Director

[Profile of Mr. D. T. R De Silva, The Senior Independent Director of Hayleys Leisure PLC is given on page 19 of this report.]

In order to comply with Section 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director [SID] of the Company with effect from 1st November 2023.

Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka provide that in situations where the Chairman and CEO are the same person or where the Chairman is not an Independent Director, a SID shall be appointed. At Hayleys Leisure PLC although the Chairman is not the CEO, he is not an Independent Director.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The SID provides guidance to the Chairman on matters of governance of the Company.

The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company, should the need arise.

ACTIVITIES DURING THE YEAR

In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.

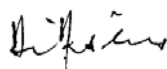
Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

A meeting was held with only the Independent Directors and discussions were held on matters relating to the Company and the operation of the Board.

The outcome of these meetings together with recommendations were duly informed to the Chairman and the Board.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, in order to enhance stakeholder acceptance and to make a positive impact on value creation.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.



D. T. R. De Silva
Senior Independent Director

06 May 2024



FINANCIAL STATEMENTS



REFINEMENTS OF WORTH

As a successful financial year draws to a close, we proudly present a financial statement that exemplifies our commitment to generating value with integrity and responsibility, and that proves the company's proficiency in staying ahead of the curve and thriving in the market.

Financial Calendar

Interim Financial Statement - Quarter 1	03 August 2023
Interim Financial Statement - Quarter 2	01 November 2023
Interim Financial Statement - Quarter 3	01 February 2024
Interim Financial Statement - Quarter 4	06 May 2024
Annual General Meeting	26 June 2024

Independent Auditor's Report



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

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ey.com

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 2024, 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 material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, 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 for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shaktivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Independent Auditor's Report



Key audit matter	How our audit addressed the key audit matter
<p>Revenue</p> <p>The Group's revenue for the year ended 31 March 2024 amounted to Rs. 2,877,807,941/-, as disclosed in Note 4 to the financial statements.</p> <p>The accounting policy for revenue recognition is disclosed in Note 4.1.1 to the financial statements.</p> <p>Revenue was a key audit matter due to the materiality of revenue reported for the year; and the increase of 88% it represents, over the previous year.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> assessed whether the Group's accounting policy for revenue recognition has been appropriately applied evaluated the design and tested the relevant key controls over revenue. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue performed analytical procedures to understand and assess the reasonableness of the reported revenues tested revenue transactions to invoices and other supporting documents such as house keeping and guest-in-house reports, guest reservation cards, etc. our procedures included testing: <ul style="list-style-type: none"> revenue transactions around the year-end to determine whether transactions have been recorded in the proper period and to the proper accounts; and journal entries recognized to revenue <p>We also assessed the adequacy of the related disclosures set out in notes 4.1.1 and 7 to the financial statements.</p>
<p>Management's assessment of carrying values of Property, Plant and Equipment</p> <p>As at 31 March 2024, the Group's property, plant and equipment amounted to Rs. 4,511,580,370/- which represents 77% of the total assets of the Group</p> <p>As a result the management carried out an impairment assessment of the Group's property, plant and equipment based on the recoverable amount determined by Management using value in use computations (VIU). Such Management VIU calculations are based on the discounted future cash-flows of the cash-generating unit (CGU). A deficit between the recoverable value and the carrying value of the CGU would result in an impairment.</p> <p>Management's assessment of the recoverable amount of property, plant and equipment was a key audit matter due to:</p> <ul style="list-style-type: none"> the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> gained an understanding of how Management has forecasted its discounted future cash flows which included consideration of the impacts of the economic conditions in the country on its operations. based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions used by the Group including growth rate used for extrapolation purposes, discount rate and terminal growth rate. We tested the completeness and accuracy of the underlying data used and performed sensitivity analysis of significant assumptions to evaluate the effect on the value in use calculations. <p>assessed the adequacy of the disclosures made in Notes 4.11 and 15 in the Financial Statements</p>

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> the degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering economic conditions. <p>Key areas of significant judgments, estimates and assumptions included:</p> <ul style="list-style-type: none"> key inputs and assumptions related to the value in use computations of future cash flows, growth rates used for extrapolation purposes, discount rates and terminal growth rates including the potential impact of the economic conditions prevailing in the country, as disclosed in Note 4.11 to the financial statements 	
<p>Interest bearing loans and borrowings</p> <p>As of the reporting date, the Group reported total interest-bearing loans and borrowings of Rs. 2,575,416,186/-, of which Rs. 1,035,495,969/- is reported as current liabilities and the balance Rs. 1,539,920,217/- as non-current liabilities, as disclosed in Note 19 to the financial statements.</p> <p>Interest bearing loans and borrowings was a key audit matter due to the materiality of the reported interest-bearing loans and borrowings balance which represents 55% of the Group's total liabilities as of the reporting date.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> obtained an understanding of the terms and conditions attached to loans and borrowings, by perusing the loan agreements tested new borrowings and repayments made during the year to the relevant source documents obtained confirmations from Banks on outstanding loans and borrowings as at 31 March 2024 assessed the maturity profile of the Group's interest-bearing loans and borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements <p>We assessed the adequacy and appropriateness of the disclosures made in Note 19 relating to interest bearing loans</p>

Independent Auditor's Report



OTHER INFORMATION INCLUDED IN THE 2024 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 FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

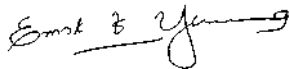
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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.



06 May 2024
Colombo

Statement of Profit or Loss

		Group		Company	
Year ended 31 March	Note	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue	7	2,877,807,941	1,531,664,498	440,803,695	291,454,320
Cost of sales		(1,118,549,309)	(720,182,397)	-	-
Gross profit		1,759,258,632	811,482,101	440,803,695	291,454,320
Other income	8	49,541,326	26,369,727	480,986	486,474
Impairment of investment in subsidiary	9	-	-	-	(32,021,455)
Selling and marketing expenses		(68,962,676)	(35,740,020)	(441,799)	(1,802,461)
Administrative expenses		(1,595,764,048)	(1,246,795,975)	(432,758,451)	(306,574,275)
Finance cost	10.1	(385,347,972)	(521,920,883)	(56,020,404)	(79,207,440)
Finance income	10.2	86,767,255	74,575,835	25,202,920	39,441,079
Loss before tax	11	(154,507,483)	(892,029,214)	(22,733,053)	(88,223,758)
Income tax (expense)/ reversal	12	8,521,166	67,598,677	-	-
Loss for the year		(145,986,317)	(824,430,537)	(22,733,053)	(88,223,758)
Loss attributable to:					
Equity holders of the parent		(112,625,669)	(741,165,205)	(22,733,053)	(88,223,758)
Non-Controlling interest		(33,360,648)	(83,265,332)	-	-
		(145,986,317)	(824,430,537)	(22,733,053)	(88,223,758)
Basic/ diluted loss per share	13.1	(1.04)	(6.86)	(0.21)	(0.82)

The Accounting Policies and Notes on pages 115 through 163 form an integral part of these Financial Statements.

Statement of Comprehensive Income

		Group		Company	
Year ended 31 March	Note	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Loss for the year		[145,986,317]	[824,430,537]	[22,733,053]	[88,223,758]
Other comprehensive income/ (loss)					
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods					
Actuarial gain/ (loss) on defined benefit plan	26	[8,602,297]	[1,492,994]	[2,666,203]	560,853
Deferred tax impact on actuarial gain/ (loss)		2,580,687	447,898	-	-
		[6,021,610]	[1,045,096]	[2,666,203]	560,853
Surplus on Revaluation of Freehold Land	24.1	132,436,000	-	-	-
Deferred tax impact on revaluation gain	24.1	[39,730,800]	-	-	-
Effect of income tax rate change on revaluation reserve		-	[85,917,331]	-	-
		92,705,200	[85,917,330]	-	-
Net other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods		86,683,590	[86,962,426]	[2,666,203]	560,853
Other comprehensive income/ (loss) for the year, net of tax		86,683,590	[86,962,426]	[2,666,203]	560,853
Total comprehensive loss for the year, net of tax		[59,302,727]	[911,392,963]	[25,399,256]	[87,662,905]
Total comprehensive loss attributable to:					
Equity holders of the parent		[25,644,520]	[828,063,335]	[25,399,256]	[87,662,905]
Non-controlling interest		[33,658,205]	[83,329,628]	-	-
		[59,302,725]	[911,392,963]	[25,399,256]	[87,662,905]

The Accounting Policies and Notes on pages 115 through 163 form an integral part of these Financial Statements.

Statement of Financial Position

		Group		Company	
As at 31 March	Note	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	15	4,511,580,370	4,446,672,489	25,603,108	26,149,814
Right-of-use assets	16	27,397,621	32,299,499	-	-
Investments in subsidiaries	17	-	-	1,237,519,176	1,237,519,176
Other non current financial assets	18	265,877,281	265,877,281	265,877,281	265,877,281
		4,804,855,272	4,744,849,269	1,528,999,564	1,529,546,270
Current assets					
Inventories	20	99,496,181	116,923,422	-	-
Trade and other receivables	21	706,457,794	361,498,325	1,044,608,678	533,854,255
Advances and prepayments		62,325,936	76,489,083	1,415,467	1,999,395
Tax receivables		4,245,139	4,410,880	1,693	264,969
Other current financial assets	18	2,081,757	1,990,450	2,081,757	1,990,450
Short term deposits	22	2,466,380	2,052,644	2,466,380	2,052,644
Cash and cash equivalents	22	133,180,654	100,763,269	12,129,378	21,472,210
		1,010,253,840	664,128,069	1,062,703,353	561,633,923
Total assets		5,815,109,113	5,408,977,342	2,591,702,917	2,091,180,194
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	469,694,322	376,989,122	-	-
Retained earnings		[34,612,746]	83,736,975	132,375,676	157,774,933
		1,344,452,284	1,370,096,805	1,041,746,384	1,067,145,641
Non-controlling interest		[169,778,269]	[136,120,063]	-	-
Total equity		1,174,674,015	1,233,976,742	1,041,746,384	1,067,145,641
Non-current liabilities					
Interest bearing loans and borrowings	19	1,539,920,217	1,832,171,752	-	-
Deferred tax liabilities	12.3	255,783,473	226,428,221	-	-
Retirement benefit obligation	26	62,580,259	43,701,647	7,208,503	4,112,319
		1,858,283,949	2,102,301,620	7,208,503	4,112,319
Current liabilities					
Interest bearing loans and borrowings	19	1,035,495,969	958,709,119	294,297,284	327,437,323
Trade and other payables	25	1,628,736,278	965,903,726	1,213,224,364	641,458,649
Other current non-financial liabilities	27	117,918,902	148,086,135	35,226,382	51,026,266
		2,782,151,149	2,072,698,980	1,542,748,030	1,019,922,236
Total equity and liabilities		5,815,109,113	5,408,977,342	2,591,702,917	2,091,180,194

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



Ravindra Dissanayake
Head of Finance

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



Mohan Pandithage
Executive Chairman



Rohan Karr
Managing Director

The Accounting Policies and Notes on pages 115 through 163 form an integral part of these Financial Statements.

06 May 2023
Colombo

Statement of Changes in Equity

Group	Attributable to owners of the parent					
	Stated capital Note 23	Revaluation reserve Note 24.1	Retained earnings	Total	Non controlling interest	Total equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2022	909,370,708	462,906,453	825,882,977	2,198,160,137	[52,790,436]	2,145,369,701
Loss for the year	-	-	[741,165,202]	[741,165,202]	[83,265,332]	[824,430,534]
Acturial loss	-	-	[1,401,142]	[1,401,142]	[91,851]	[1,492,993]
Deffered tax impact on acturial loss	-	-	420,343	420,343	27,555	447,899
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	1,370,096,805	[136,120,063]	1,233,976,742
Loss for the year	-	-	[112,625,669]	[112,625,669]	[33,360,648]	[145,986,317]
Acturial loss	-	-	[8,177,217]	[8,177,217]	[425,080]	[8,602,297]
Deffered tax impact on acturial loss	-	-	2,453,165	2,453,165	127,522	2,580,687
Surplus on Revaluation of Freehold Land	-	132,436,000	-	132,436,000	-	132,436,000
Deffered tax impact	-	[39,730,800]	-	[39,730,800]	-	[39,730,800]
Balance as at 31 March 2024	909,370,708	469,694,322	[34,612,746]	1,344,452,284	[169,778,269]	1,174,674,015

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

The Accounting Policies and Notes on pages 115 through 163 form an integral part of these Financial Statements.

Statement of Changes in Equity

Company	Stated capital	Fair value reserve of financial assets at FVOCI	Retained earnings	Total equity
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 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
Loss for the year	-	-	(22,733,053)	(22,733,053)
Acturial gain/ (loss)	-	-	(2,666,204)	(2,666,204)
Balance as at 31 March 2024	909,370,708	-	132,375,676	1,041,746,384

The Accounting Policies and Notes on pages 115 through 163 form an integral part of these Financial Statements.

Cash Flow Statement

		Group		Company	
Year ended 31 March	Note	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Loss before tax		[154,507,483]	[892,029,214]	[22,733,064]	[88,223,758]
Adjustment for					
Depreciation	15	193,604,846	335,238,560	11,550,235	10,609,003
Provision for defined benefit obligation	26	18,702,540	11,095,211	2,277,664	2,220,222
Amortisation of right of use assets	16.2	4,901,878	14,135,125	-	-
Derecognition of Asset		19,461,085	-	-	-
Impairment of Investment in Subsidiary		-	-	-	32,021,455
[Gain]/ loss on disposal of property, plant and equipment	9	[4,625,734]	-	-	-
Dividend income	8	[986]	[320]	[986]	[320]
Finance income	10.2	[86,675,948]	[73,720,603]	[25,020,305]	[38,585,847]
Finance cost	10.1	385,347,972	521,920,883	56,020,404	79,207,440
Foreign exchange gain/ [loss]		47,960,366	[37,962,679]	[1,378,582]	9,957,141
[Gain]/ loss on financial assets at FVTPL		[91,307]	[855,232]	[91,307]	[855,232]
Impairment/ [reversal] of trade and other receivables		4,283,747	[2,238,907]	-	-
Creditors written back		[3,339,725]	-	-	-
Exchange [gain]/ loss impact on borrowings		[56,968,300]	[79,654,520]	-	-
Operating profit/ [loss] before working capital changes		368,052,951	[204,071,695]	20,624,059	6,350,103
[Increase]/ decrease in inventories		17,427,241	[44,047,014]	-	-
[Increase]/ decrease in trade and other receivables		[327,434,523]	[104,921,962]	[488,682,452]	[386,878,732]
Increase in advance and prepayment		14,163,148	6,350,314	583,928	10,741,332
Increase/ [decrease] in trade and other payables		664,515,847	560,257,635	571,765,726	372,518,525
Increase/ [decrease] in other current non financial liabilities		[30,167,231]	60,247,371	[15,799,884]	[1,926,923]
Cash generated from/ [used in] operations		706,557,433	273,814,649	88,491,376	804,305
Finance cost paid		[374,333,185]	[442,266,363]	[54,641,822]	[79,207,440]
Defined benefit obligation paid	26	[8,426,225]	[4,296,291]	[1,847,683]	[494,150]
Tax paid		-	[755,520]	-	[383]
Net cash from/ [used in] operating activities		323,798,023	[173,503,525]	32,001,871	[78,897,668]

The Accounting Policies and Notes on pages 115 through 163 form an integral part of these Financial Statements.

Cash Flow Statement

Cash Flow Statement [Contd.]

		Group		Company	
	Note	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash flows from/ (used in) investing activities					
Acquisition of property, plant and equipment	15	[143,828,687]	[97,887,499]	[11,003,529]	[1,585,682]
Finance income received		5,800,794	32,028,762	3,211,612	28,628,706
Dividend received		986	320	986	320
Proceeds from disposal of property, plant and equipment		5,556,391	-	-	-
Net cash from/ (used in) investing activities		[132,470,516]	[65,858,418]	[7,790,931]	27,043,344
Cash flows from/ (used in) financing activities					
Proceeds from interest bearing loans and borrowings	19	117,112,748	302,136,561	-	-
Repayment of interest bearing loans and borrowings	19	[298,936,092]	[156,048,560]	[19,642,858]	[15,381,295]
Principal payment under finance lease liabilities	19	[11,438,044]	[5,134,107]	-	-
Net cash from/ (used in) financing activities		[193,261,388]	140,953,894	[19,642,858]	[15,381,295]
Net increase/ (decrease) in cash and cash equivalents		[1,933,881]	[98,408,048]	4,568,082	[67,235,619]
Cash and cash equivalents at the beginning of the year		[393,175,995]	[294,767,947]	[284,269,608]	[217,033,989]
Cash and cash equivalents at the end of the year	22	[395,109,876]	[393,175,995]	[279,701,526]	[284,269,608]

The Accounting Policies and Notes on pages 115 through 163 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 Centre, Echelon Square, Colombo 01.

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2024 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 (Private) Limited, Kandyan Resorts (Private) Limited and Sun Tan Beach Resorts Limited.

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

C. Hayleys Hotel Management Services (Private) Limited

The principal activity was providing hotel management related services.

D. Hayleys Holidays (Private) Limited, CDC Conventions (Private) Limited

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 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 2024 were authorised for issue by the Directors on 06 May 2024.

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/LKAS] promulgated by the Institute of Chartered Accountants of Sri Lanka [CA Sri Lanka], and with the requirements of the Companies Act No. 7 of 2007.

2.2 Basis of measurement

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

- Lands which are 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 Lanka Rupees [Rs], which is the Group’s functional and presentation currency.

2.4 Materiality and Aggregation

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

2.5 Comparative Information

The consolidated financial statements provide comparative information in respect of the previous year. The accounting policies other than for leases have been consistently applied by the Group and, are consistent with those used in the previous year. Previous year’s figures and phrases have been re-arranged whenever necessary to conform to current presentation.

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”]

Notes to the Financial Statements

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.

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 Lanka Rupees (Rs), which is the functional and presentation currency of the Group.

Transactions and balances

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

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

Foreign currency differences arising on retranslation are recognised in the statement of profit or loss. 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 sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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 & 18
- Quantitative disclosures of fair value measurement hierarchy Note 14
- 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

Notes to the Financial Statements

date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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 Beverage

Revenue from sale of food and beverage 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.
- 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.

Notes to the Financial Statements

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 benefit 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 labour, 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 Centre	15 years
Seawall - trap bag barrier	03 years
Road network	20 years
Furniture and fittings	10 years
Plant and machinery	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.

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 – 05 Years
CCTV system – 05 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.

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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 finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the

expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite 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 favourable or unfavourable relative to market terms. The Group recognises an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms. Leasehold rights represent value of favourable 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.

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 (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

Notes to the Financial Statements

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 ECLs. 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.

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 14.

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 Beverage	
House Keeping and Maintenance	Weighted Average
Printing and Stationary	Basis
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 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.

Notes to the Financial Statements

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.

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 2024 audited financial statements, which required additional disclosures in the 2023/ 24 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 2024 other than disclosed in note 30.2.2 to the consolidated financial Statements, which required additional disclosures in the 2023/ 24 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 present macro-economic conditions, the circumstances of the external environment, or are inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the management do not intend either to liquidate or to cease operations of the Group. 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 DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to good will 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 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.

Notes to the Financial Statements

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.

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

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ["future covenants"], the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024

Amendment to SLFRS 16 - Lease Liability in a Sale and Leaseback

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of

use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

Amendments to LKAS 7 and SLFRS 7 - Disclosures: Supplier Finance Arrangements

"The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. "

The amendments are effective for annual periods beginning on or after 1 January 2024

International Tax Reform - Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024.

7 REVENUE

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue from contracts with customers [Note 7.1]	2,836,473,544	1,549,507,356	430,725,502	291,454,320
Tourism development levy	[26,286,107]	[4,485,221]	-	-
Turnover tax	[15,052,517]	[13,357,637]	-	-
SSCL	82,673,021	-	10,078,193	-
	2,877,807,941	1,531,664,498	440,803,695	291,454,320

7.1 Revenue from contracts with customers

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

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue Recognised over time/ period of stay	1,961,074,270	1,060,791,359	430,725,502	291,454,320
Revenue recognised at a point in time	875,399,274	488,715,997	-	-
	2,836,473,544	1,549,507,356	430,725,502	291,454,320

Contract liabilities and its movement is disclosed in Note 27.1 to the financial statements.

8 OTHER INCOME AND GAINS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sundry income	41,297,030	26,246,538	480,000	486,154
Dividend income	986	320	986	320
Rent income	277,851	122,869	-	-
Payable written back	3,339,725	-	-	-
Profit on disposal of property, plant and equipment	4,625,734	-	-	-
	49,541,326	26,369,727	480,986	486,474

Notes to the Financial Statements

9 IMPAIRMENT OF INVESTMENT IN SUBSIDIARY

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
On Sun Tan Beach Resorts Limited	-	-	-	32,021,455
	-	-	-	32,021,455

Hayleys Leisure PLC did not record an impairment for the year under review (2023 - 32,021,455/-) in relation to the investment made in Sun Tan Beach Resorts Limited.

10 FINANCE COST AND INCOME

10.1 Finance Cost

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest expenses on bank overdrafts	61,794,560	119,626,028	54,286,637	75,590,706
Interest expenses on lease liabilities	4,683,568	5,196,663	-	-
Exchange loss	11,014,787	79,654,520	1,378,582	-
Interest expenses on bank loans	307,855,057	317,443,672	355,185	3,616,734
	385,347,972	521,920,883	56,020,404	79,207,440

10.2 Finance Income

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest income	27,700,794	32,028,762	25,111,613	28,628,706
Gain/ (loss) on investments at fair value through profit or loss (Note 18.1)	91,307	855,232	91,307	855,232
Exchange gain	58,975,154	41,691,841	-	9,957,141
	86,767,255	74,575,835	25,202,920	39,441,079

11 PROFIT/ (LOSS) BEFORE TAX

	Group		Company	
Stated after charging	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Employees benefits including the following	357,633,687	293,161,325	180,340,211	153,964,824
- Defined benefit plan costs - gratuity (included in employee benefits)	18,702,540	11,664,109	2,277,664	1,500,222
- Defined contribution plan costs - EPF and ETF (included in employee benefits)	51,109,921	36,967,012	5,000,508	2,946,057
Depreciation and amortisation	198,506,724	349,973,686	11,550,235	10,609,003
Directors' emoluments	8,749,571	5,596,268	8,749,571	5,596,268
Service fees	40,164,561	28,671,988	20,888,243	17,890,455
Auditor's remuneration	3,163,630	2,392,222	659,419	400,500
Professional fees	3,517,542	4,492,880	559,159	698,254
Advertising expenses	6,980,310	8,035,045	141,927	661,019
Sales promotional expenses	5,891,536	5,802,991	-	636,752

12 INCOME TAX EXPENSE

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

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Income Statement				
Current income tax				
Current income tax charge (Note 12.1)	[799,653]	[754,412]	-	-
(Under)/ Over provision of current taxes in respect of prior years	-	-	-	-
Irrecoverable ESC written off	-	-	-	-
	[799,653]	[754,412]	-	-
Deferred income tax				
Deferred taxation (charge)/ release (Note 12.3)	9,320,819	145,546,728	-	-
Charge due to change in tax rate	-	[77,193,639]	-	-
	9,320,819	68,353,088	-	-
Income tax (expense) / reversal reported in the profit or loss	8,521,166	67,598,679	-	-

Notes to the Financial Statements

12 INCOME TAX EXPENSE (Contd.)

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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Accounting profit before income tax	(154,507,483)	(892,029,214)	(22,733,053)	(88,223,758)
Console adjustment	(13,516,990)	(45,161,029)	-	-
Disallowed items	563,799,788	301,763,233	14,240,806	44,770,834
Allowed items	(176,559,317)	(126,346,052)	(1,178,530)	(3,050,338)
Interest income	(27,685,330)	(29,638,796)	(25,111,613)	(28,628,706)
Dividend income	(986)	(320)	(986)	(320)
Other income	(277,851)	-	-	-
None taxable income	(56,968,300)	-	-	-
Exempt due to BOI tax holiday	(124,839,966)	501,129,135	-	-
Taxable profit from business	53,764,413	2,558,056	-	-
Taxable [loss] from business	(44,320,848)	(292,841,099)	(34,783,376)	(75,132,288)
Other sources of income				
Interest income	26,457,988	29,169,476	25,111,613	28,338,873
Rental income	277,851	-	-	-
Dividend income	986	320	986	320
None taxable income	(986)	(320)	(986)	(320)
Taxable other income	26,735,839	29,169,476	25,111,613	28,338,873
Total statutory income	80,500,252	31,727,532	25,111,613	28,338,873
Tax losses brought forward and utilised	(77,834,741)	(28,897,038)	(25,111,613)	(28,338,873)
Total taxable income	2,665,511	2,830,494	-	-
Income tax at 24% on taxable profits	-	(306,967)	-	-
Income tax at 30% on taxable profits	(799,653)	(383,708)	-	-
Income tax at 24% interest income	-	(63,737)	-	-
Current income tax charge	(799,653)	(754,409)	-	-

12.2 Tax losses

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Tax losses brought forward	1,346,940,288	1,073,993,630	497,038,797	447,688,927
Tax losses utilised during the year	(77,834,741)	(28,897,038)	(25,111,613)	(28,339,193)
Adjustment for brought forward tax losses	279,068,582	9,002,597	292,401,097	2,556,775
Loss incurred during the year	44,320,849	292,841,099	34,783,375	75,132,288
Tax losses carried forward	1,592,494,978	1,346,940,288	799,111,656	497,038,797

12.3 Deferred taxation - group

	Statement of Financial Position		Statement of profit or Loss	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred tax liability				
Accelerated depreciation on property, plant and equipment	266,501,950	289,228,613	22,726,663	[151,075,099]
Revaluation surplus on land	199,145,798	159,894,995	-	-
Directly charged to equity	-	179,200	179,200	-
Revaluation of land	1,680,000	1,200,000	-	-
Lease liability	1,087,574	[3,478]	[1,091,052]	140,765
	468,415,322	450,499,330	21,814,811	[150,934,335]
Deferred tax assets				
Retirement benefit obligation - through statement of profit or loss	[12,081,700]	[8,818,140]	3,263,560	5,603,954
Retirement benefit obligation - through other comprehensive income	[2,018,274]	[963,542]	-	-
Trade and other receivables	[1,979,950]	[737,642]	1,242,308	131,684
Carried forward tax losses	[196,551,925]	[213,551,785]	[16,999,860]	213,551,785
	[212,631,849]	[224,071,109]	[12,493,992]	219,287,423
Deferred taxation [charge]/ release for the year			9,320,819	68,353,088
Net deferred tax liability	255,783,473	226,428,221		

12.3.1 Reconciliation of deferred tax charge

Deferred tax [charge]/ release reported in the profit or loss	9,320,819	68,353,088
Deferred tax [charge]/ release reported in other comprehensive income	[38,676,068]	[85,368,972]
	[29,355,249]	[17,015,884]

12.3.2 Hayleys Leisure PLC

The company has a carried forward tax loss amounting to Rs. 799,111,656 /- [2023 - 497,038,797/-] that is available for six years to offset against future statutory income of the company. A deferred tax asset amounting to Rs.239,733,497/- [2023 - 149,111,639/-] has not been recognised 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 realise 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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Loss for the year	[145,986,317]	[824,430,534]	[22,733,053]	[88,223,758]
Loss attributable to non-controlling Interest	[33,360,648]	[83,265,332]	-	-
Loss attributable to ordinary shareholders of parent company for basic/ diluted earnings per share	[112,625,669]	[741,165,202]	[22,733,053]	[88,223,758]

13.1.2 Number of ordinary shares used as the denominator

Weighted average number of ordinary shares in issue applicable to basic/ diluted earnings or loss per share	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 using					
Fair value measurement hierarchy for assets as at 31 March 2024:	Date of valuation	Total Rs.	Quoted prices in active markets [Level 1] Rs.	Significant observable inputs [Level 2] Rs.	Significant unobservable inputs [Level 3] Rs.
Assets measured at fair value:					
Non-financial assets					
Land [Note 15]	31 March 2024	1,039,000,000	-	-	1,039,000,000
Non-financial assets as at 31 March 2024		1,039,000,000	-	-	1,039,000,000
Fair value measurement hierarchy for assets as at 31 March 2023:					
Assets measured at fair value:					
Non-financial assets					
Land [Note 15]	31 March 2023	901,564,000	-	-	901,564,000
Non-financial assets as at 31 March 2023		901,564,000	-	-	901,564,000
Financial assets					
Gain/ (loss) on Investments at fair value through profit or loss [Note 18.1]		91,307	91,307	-	-
Quoted investment in equity securities	31 March 2023	1,990,450	1,990,450	-	-
Total fair value through profit or loss financial assets		2,081,757	2,081,757	-	-
Total financial assets as at 31 March 2024		2,081,757	2,081,757	-	-
Gain/ (loss) on Investments at fair value through profit or loss [Note 18.1]		855,232	855,232	-	-
Quoted investment in equity securities	31 March 2022	1,135,218	1,135,218	-	-
Total fair value through profit or loss financial assets		1,990,450	1,990,450	-	-
Total financial assets as at 31 March 2023		1,990,450	1,990,450	-	-

Notes to the Financial Statements

14 FAIR VALUE MEASUREMENT [Contd.]

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 2024 and 2023:

Fair value measurement using					
	Date of valuation	Total	Quoted prices in active markets [Level 1]	Significant observable inputs [Level 2]	Significant unobservable inputs [Level 3]
		Rs.	Rs.	Rs.	Rs.
Assets measured at fair value:					
Financial assets					
Gain/ (loss) on Investments at fair value through profit or loss [Note 18.1]		91,307	91,307	-	-
Quoted investment in equity securities	31 March 2024	1,990,450	1,990,450	-	-
Total fair value through profit or loss financial assets		2,081,757	2,081,757	-	-
Total financial assets as at 31 March 2024		2,081,757	2,081,757	-	-
Gain/ (loss) on Investments at fair value through profit or loss [Note 18.1]		855,232	855,232	-	-
Quoted investment in equity securities	31 March 2023	1,135,218	1,135,218	-	-
Total fair value through profit or loss financial assets		1,990,450	1,990,450	-	-
Total financial assets as at 31 March 2023		1,990,450	1,990,450	-	-

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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Financial assets				
Other financial assets				
- Fair Value through profit or loss investments	649,378	649,378	2,081,757	1,990,450
Total	649,378	649,378	2,081,757	1,990,450

- 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 01.04.2023	Additions	Revaluations	Transfers	Disposals	Balance As at 31.03.2024
Gross carrying amounts Rs.						
At Cost or Valuation						
Freehold land	901,564,000	5,000,000	132,436,000	-	-	1,039,000,000
Freehold buildings	1,026,055,847	35,917,945	-	900,929,187	(21,738,103)	1,941,164,875
Buildings - Bathroom	6,371,637	-	-	704,863	-	7,076,500
Buildings - Furniture & Fittings	608,569	-	-	-	-	608,569
Buildings- Plant & Machinery	-	1,065,417	-	142,745,492	-	143,810,908
Building on leasehold land	2,859,524,240	-	-	(948,120,938)	-	1,911,403,302
Sports Center	8,239,513	-	-	292,608	-	8,532,121
Seawall -trap bag barrier	3,497,670	-	-	-	(3,497,670)	-
Road network	32,498,582	-	-	-	-	32,498,582
Furniture and fittings	388,444,866	3,371,851	-	(38,656,730)	(84,000)	353,075,987
Plant and machinery	375,541,894	15,772,774	-	(94,704,080)	(2,263,013)	294,347,575
Kitchen equipment	147,366,682	2,023,614	-	26,945,765	(298,800)	176,037,262
Office equipment	7,747,623	143,788	-	1,295,082	-	9,186,493
Computer equipment	147,002,873	44,995,392	-	(8,217,110)	(6,478,705)	177,302,450
Circulating Assets - Short term	137,225,397	27,083,526	-	(4,192,558)	(4,967,605)	155,148,760
Circulating Assets - Long term	17,541,987	5,469,557	-	3,914,030	-	26,925,574
Fixtures and fittings	96,078,820	-	-	21,649,188	-	117,728,008
Sign Board	2,181,902	-	-	27,132	-	2,209,033
Electronic Equipment	124,902,924	10,578,738	-	(4,592,806)	(9,726,975)	121,161,881
Motor vehicles	78,067,164	-	-	(19,124)	-	78,048,040
	6,360,462,191	151,422,602	132,436,000	-	(49,054,872)	6,595,265,922
In the course of construction						
Building work in progress	12,985,941	-	-	(7,593,915)	(3,914,032)	1,477,994
	12,985,941	-	-	(7,593,915)	(3,914,032)	1,477,994
Total gross carrying amount	6,373,448,132	151,422,602	132,436,000	(7,593,915)	(52,968,904)	6,596,743,915

Notes to the Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT (Contd.)

Depreciation Rs.	Balance As at 01.04.2023	Charge for the period	Transfers	Disposals	Balance As at 31.03.2024
At Cost or Valuation					
Freehold buildings	223,739,168	44,374,310	(2,533,670)	(4,055,350)	261,524,458
Buildings - Bathroom	6,369,191	49,185	548,211	-	6,966,587
Buildings - Furniture & Fittings	187,643	35,176	262,091	-	484,909
Buildings - Plant & Machinery	-	5,781,564	56,301,500	-	62,083,064
Building on leasehold land	589,744,193	37,853,041	29,215,361	-	656,812,595
Sports Center	6,567,948	151,711	232,777	-	6,952,436
Seawall -Trap Bag barrier	828,161	2,002,131	-	(2,830,292)	-
Road network	13,102,716	2,620,192	-	-	15,722,908
Furniture and fittings	260,401,504	33,130,331	34,684,404	83,731	328,299,970
Plant and machinery	245,045,105	(4,047,522)	(22,123,471)	(1,595,581)	217,278,532
Kitchen equipment	104,200,754	6,899,934	18,726,510	(309,903)	129,517,295
Office equipment	7,284,747	299,578	(1,213,376)	-	6,370,950
Computer equipment	97,009,656	14,336,669	1,323,724	(18,242,834)	94,427,216
Circulating Assets - Short term	116,008,065	18,143,129	(16,196,083)	(6,175,790)	111,779,321
Circulating Assets - Long term	11,862,537	(368,471)	3,676,201	-	15,170,267
Fixtures and fittings	53,487,725	-	357,678	-	53,845,403
Sign Board	2,176,690	2,955	(12,991,990)	-	(10,812,345)
Electronic Equipment	123,995,960	25,451,864	(90,018,541)	(2,090,923)	57,338,360
Motor vehicles	64,763,876	6,889,069	(251,323)	-	71,401,621
Total depreciation	1,926,775,642	193,604,846	-	(35,216,942)	2,085,163,545

Net book value	2024 Rs.	2023 Rs.
At cost or valuation		
Freehold land	1,039,000,000	901,564,000
Freehold buildings	1,679,640,418	802,316,679
Buildings - Bathroom	109,914	2,447
Buildings - Furniture & Fittings	123,659	420,926
Buildings - Plant & Machinery	81,727,845	-
Building on Leasehold Land	1,254,590,708	2,269,780,047
Sports Centre	1,579,685	1,671,565
Seawall - trap bag barrier	-	2,669,509
Road Network	16,775,674	19,395,866
Furniture and fittings	24,776,017	128,043,362
Plant and machinery	77,069,043	130,496,788
Kitchen equipment	46,519,967	43,165,928
Office equipment	2,815,543	462,876
Computer equipment	82,875,234	49,993,217
Circulating Assets - Short term	43,369,439	21,217,332
Circulating Assets - Long term	11,755,307	5,679,450
Fixtures and fittings	63,882,605	42,591,095
Sign Board	13,021,379	5,212
Electronic Equipment	63,823,521	906,964
Motor vehicles	6,646,419	13,303,288
	4,510,102,376	4,433,686,548
In the course of construction		
15.1.1 Building work in progress	1,477,994	12,985,941
	1,477,994	12,985,941
Total carrying amount of property , plant and equipment	4,511,580,370	4,446,672,489

15.1.2 During the financial year, the group acquired & transferred property, plant and equipment to the aggregate value of Rs. 151,422,602/- (2023 - Rs. 155,406,950/-). Cash payments amounted to Rs. 143,828,687/- (2023 - Rs. 97,887,499/-) were made during the year for purchase of property, plant and equipment.

15.1.3 Information on the freehold land, freehold buildings, leasehold land and buildings on leasehold land of the group is as follows;

Company	Location	Ownership	Extent	No of Buildings
Culture Club Resorts (Private) Limited	Dambulla	Freehold	0.406 Hectares	-
	Dambulla	Leasehold	8.094 Hectares	105
Kandyan Resorts (Private) Limited	Kandy	Freehold	4.82 Hectares	10
Sun Tan Beach Resorts Limited	Passikudah	Leasehold	4.38 Hectares	7

Notes to the Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT (Contd.)

15.1.4 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 2024. The fair value of lands were determined using the market comparable method. Management has recorded the carrying value of the land approximate the fair value as at 31 March 2024.

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

Significant unobservable valuation

Price per perch	Range
Kandyan Resorts (Private) Limited	Rs. 350,000/- to Rs. 800,000/-
Culture Club Resorts (Private) Limited	Rs. 50,000/-

15.1.5 If lands were measured using the cost model, the carrying amount would be Rs. 125,628,183/-.

15.1.6 Property, plant and equipment recognised above include fully depreciated assets having a gross carrying amount of Rs.615,333,144/- (2023- Rs. 409,325,313/-).

15.2 Company

Gross carrying amounts	Balance As at 01.04.2023 Rs.	Additions Rs.	Transfers Rs.	Disposal	Balance As at 31.03.2024 Rs.
At Cost					
Motor vehicles	33,556,800	-	-	-	33,556,800
Furniture and fittings	12,445,311	143,300	-	-	12,588,611
Circulating Assets - Short Term	948,782	371,420	1,459,354	(2,322,377)	457,179
Circulating Assets - Long Term	1,075,550	-	-	-	1,075,550
Electronic equipment	357,381	58,687	82,036	-	498,104
Office equipment	7,126,593	143,788	(1,541,390)	-	5,728,991
Computer equipment	17,604,986	10,286,335	-	-	27,891,321
Total gross carrying amount	73,115,403	11,003,529	-	(2,322,377)	81,796,555

Depreciation	Balance As at 01.04.2023 Rs.	Additions Rs.	Transfers Rs.	Disposal	Balance As at 31.03.2024 Rs.
At cost					
Motor vehicles	20,354,880	6,711,360	-	-	27,066,240
Furniture and fittings	5,679,346	1,197,271	-	-	6,876,617
Circulating Assets - Short term	732,669	1,332,223	714,665	(2,322,377)	457,179
Circulating Assets - Long term	486,274	106,265	-	-	592,539
Electronic Equipment	145,628	71,002	59,767	-	276,397
Office equipment	5,939,629	62,254	(774,373)	-	5,227,510
Computer equipment	13,627,163	2,069,860	(59)	-	15,696,964
Total depreciation	46,965,588	11,550,235	-	(2,322,377)	56,193,446

Net Book Values	2024 Rs.	2023 Rs.
At Cost		
Motor vehicles	6,490,560	13,201,920
Furniture and fittings	5,711,994	6,765,964
Circulating Assets - Short term	-	216,113
Circulating Assets - Long term	483,011	589,276
Electronic equipment	221,707	211,753
Office equipment	501,480	1,186,964
Computer equipment	12,194,356	3,977,823
Total carrying amount of property, plant and equipment	25,603,108	26,149,814

15.2.1 During the financial year, the company acquired property, plant and equipment to the aggregate value of Rs. 11,003,529/- (2023 - Rs. 1,585,682/-). Cash payments amounted to Rs. 11,003,529/- (2023 - Rs. 1,585,682/-) 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. 17,153,955/- (2023 - Rs. 5,463,458/-).

Notes to the Financial Statements

16 RIGHT OF USE (ROU) ASSETS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Leasehold lands	21,085,788	22,224,457	-	-
Leasehold motor vehicles	2,325,000	3,806,930	-	-
Leasehold office equipment (CCTV)	3,986,833	6,268,112	-	-
	27,397,621	32,299,499	-	-

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 - 2024	981,142	981,142
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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
As at 01 April	32,299,499	46,434,623	-	-
Additions during the year	-	-	-	-
Amotisation expenses	(4,901,878)	(14,135,124)	-	-
As at 31 March	27,397,621	32,299,499	-	-
	Lands	Motor Vehicle	CCTV	Total
As at 01 April	22,224,457	3,806,930	6,268,112	32,299,499
Amotisation expenses	(1,138,669)	(1,481,930)	(2,281,279)	(4,901,878)
As at 31 March	21,085,788	2,325,000	3,986,832	27,397,621

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

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Amotisation expense of right-of-use assets	4,901,879	14,135,125	-	-
Interest expense on lease liabilities	4,683,568	5,202,968	-	-
Total amount recognised in profit or loss	9,585,447	19,338,093	-	-

17 INVESTMENT IN SUBSIDIARIES

17.1 Non-quoted investment in subsidiaries

	Holding		Carrying Amount	
Company	2024 %	2023 %	2024 Rs.	2023 Rs.
Kandyan Resorts (Private) Limited	100%	100%	323,612,971	323,612,971
Culture Club Resorts (Private) Limited	100%	100%	392,749,255	392,749,255
Sun Tan Beach Resorts Limited (Note 17.1.1)	82.44%	82.44%	521,156,950	521,156,950
Total non-quoted investment in subsidiaries			1,237,519,176	1,237,519,176

17.1.1 Reconciliation of cost of investment of Sun Tan Beach Resorts Limited

	2024 Rs.	2023 Rs.
Balance as at 01 April	968,690,672	968,690,672
Balance as at 31 March	968,690,672	968,690,672

17.1.2 Accumulated impairment on investment of Sun Tan Beach Resorts Limited

	2024 Rs.	2023 Rs.
Balance as at 01 April	447,533,722	415,512,267
Impairment charge for the year	-	32,021,455
Balance as at 31 March	447,533,722	447,533,722
Carrying amount of investment in Sun Tan Beach Resorts Limited	521,156,950	521,156,950

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	2024	2023
Sun Tan Beach Resorts Limited	Sri Lanka	17.56%	17.56%

Accumulated balances of material non-controlling interest

Company Name	2024 Rs.	2023 Rs.
Sun Tan Beach Resorts Limited	144,473,370	48,804,842
	144,473,370	48,804,842

Notes to the Financial Statements

17 INVESTMENT IN SUBSIDIARIES (Contd.)

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

	2024 Rs.	2023 Rs.
Summarised Statement of Financial Position		
Current assets	122,391,877	108,624,833
Non current assets	3,268,939,905	2,582,274,845
Current liabilities	1,187,536,545	792,643,342
Non current liabilities	1,381,189,092	1,620,370,088
Total equity	822,606,145	277,886,248
Attributable to:		
Equity holders of the parent	678,132,775	229,081,406
Non-controlling interest	144,473,370	48,804,842
	2024 Rs.	2023 Rs.
Summarised statement of profit or loss		
Revenue	863,639,977	415,638,151
Cost of sales	[354,362,883]	[231,234,107]
Administrative expenses	[423,691,597]	[318,412,150]
Finance costs	[281,581,296]	[369,774,992]
Loss before tax	[189,841,417]	[501,129,136]
Income tax	[107,045]	-
Loss for the year	[189,948,462]	[501,129,136]
Total comprehensive loss	[192,368,779]	[501,652,118]
Attributable to non-controlling interest	[33,658,205]	[83,329,628]
	2024 Rs.	2023 Rs.
Summarised statement of cash flows		
Cash flows used in operating activities	201,543,289	[102,374,981]
Cash flows used in investing activities	[34,501,556]	[27,010,680]
Cash flows from Financing activities	[101,900,921]	117,920,376
Net increase in cash and cash equivalents	65,140,812	[11,465,285]

18 OTHER FINANCIAL ASSETS

Other financial assets

	Group/ Company	
	2024 Rs.	2023 Rs.
Current		
Financial assets at fair value through profit or loss		
Quoted investments in equity shares [Note 18.1]	2,081,757	1,990,450
	2,081,757	1,990,450
Non-Current		
Equity instruments designated at fair value through OCI		
Non-quoted investments in equity securities [Note 18.2]	10	10
	10	10
Debt instruments at amortised cost		
Related party receivables [Note 18.3]	265,877,271	265,877,271
	265,877,271	265,877,271
Total other financial assets	267,959,038	267,867,731
Total current	2,081,757	1,990,450
Total non-current	265,877,281	265,877,281

Notes to the Financial Statements

18 OTHER FINANCIAL ASSETS (Contd.)

18.1 Fair value through profit or loss

Quoted investments in equity securities

	No. of Shares		Cost	Market Value	Cost	Market Value
	2024	2023	2024 Rs.	2024 Rs.	2023 Rs.	2023 Rs.
Group/ Company						
The Fortress Resorts PLC	90,075	90,075	646,349	2,071,725	646,349	1,981,650
LB Finance PLC	160	160	3,029	10,032	3,029	8,800
	90,235	90,235	649,378	2,081,757	649,378	1,990,450
Fair value adjustment of investments			1,432,379	-	1,341,072	-
Total Quoted investments in equity securities			2,081,757	2,081,757	1,990,450	1,990,450
Gain/ (loss) on Investments at fair value through profit or loss				91,307		855,232

18.2 Non- quoted investments in equity securities

	No. of Shares		Carrying Value	
	2024	2023	2024 Rs.	2023 Rs.
La Forteresse (Private) Limited	1	1	10	10
Total non-quoted investments in equity securities	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

	2024 Rs.	2023 Rs.
Luxury Resort (Private) Limited	265,877,271	265,877,271

The group charges interest from the noncurrent receivable balance from Luxury Resort (Private) Limited. Accordingly, it was agreed to charge an interest based on the market rates.

Terms of repayment

Interest rate	SOFR+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

	2024			2023		
	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]	492,715,153	1,521,923,306	2,014,638,459	452,452,657	1,800,977,444	2,253,430,101
Lease liability [Note 19.3]	12,023,906	17,996,911	30,020,817	10,264,554	31,194,308	41,458,862
Bank overdrafts [Note 22]	530,756,910	-	530,756,910	495,991,908	-	495,991,908
	1,035,495,969	1,539,920,217	2,575,416,186	958,709,119	1,832,171,752	2,790,880,871

19.1.1 Bank loans

	Balance As at 01.04.2023 Rs.	Loans Obtained/ Interest capitalised Rs.	Foreign Currency Conversion Rs.	Repayments Rs.	Balance As at 31.03.2024 Rs.
Hatton National Bank PLC - LKR	921,843,292	-	-	[9,341,890]	912,501,402
Hatton National Bank PLC - USD	686,124,554	-	[56,968,300]	[57,724,458]	571,431,796
DFCC Bank PLC - LKR	288,639,844	117,112,748	-	[68,489,456]	337,263,136
Pan Asia Banking Corporation PLC	84,693,936	-	-	[84,693,936]	-
Bank of Ceylon	40,128,475	-	-	[40,003,293]	125,182
Sampath Bank PLC	232,000,000	-	-	[38,683,057]	193,316,943
	2,253,430,101	117,112,748	[56,968,300]	[298,936,090]	2,014,638,459

Notes to the Financial Statements

19 OTHER FINANCIAL LIABILITIES (Contd.)

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;

	HNB Rs. 25Mn	HNB Rs. 202Mn	HNB Rs. 717Mn	DFCC Rs. 24 Mn	DFCC Rs. 199 Mn	DFCC Rs. 18 Mn	DFCC Rs. 98 Mn
Interest rate	Fixed	AWPLR + Premium	AWPLR + Premium	AWPLR + Premium	AWPLR + Premium	AWPLR + Premium	AWPLR + Premium
Capital Repayment	Rs. 338,889/-	Rs. 500,000/-	Rs. 1,000,000/-	Rs. 6,060,601/-	Rs. 163,958/-	Rs. 9,758,690/-	Rs. 9,758,690/-
Finish by	Jun-24	Mar-26	Mar-30	Feb-27	Feb-27	May-27	Feb-27
Security offered	Leasehold Right of the land and Hotel building belongs to Sun Tan Beach Resorts Ltd						

	Sampath - Rs. 250Mn	BOC - Rs. 25 Mn
Interest rate	AWPLR + Premium	Fixed
Capital Repayment	Rs. 3,000,000/-	Rs. 5,714,286/-
Finish by	Aug-29	Apr-24
Security offered	**CG of HL PLC*	Letter of comfort from Hayleys PLC/ HL PLC*

* HL PLC – Hayleys Leisure PLC

**CG – Corporate Guarantee

19.2 Interest bearing loans and borrowings - company

	2024			2023		
	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	-	19,642,858
Bank overdrafts [Note 22]	[294,297,284]	-	[294,297,284]	307,794,462	-	307,794,462
	[294,297,284]	-	[294,297,284]	327,437,320	-	327,437,320

19.2.1 Bank loans - Company

	Balance As at 01.04.2023 Rs.	Loans Obtained/ Interest capitalised Rs.	Foreign Currency Conversion Rs.	Repayments Rs.	Balance As at 31.03.2024 Rs.
Pan Asia Banking Corporation PLC	19,642,858	-	-	[19,642,858]	-
	19,642,858	-	-	[19,642,858]	-

19.3 Lease Liability - Group

	Group		Company	
Year ended 31 March	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Opening balance	41,458,862	46,592,969	-	-
Gross payments	[14,555,584]	[10,337,075]	-	-
Interest accrued on lease liabilities	3,117,539	5,202,968	-	-
Closing balance	30,020,817	41,458,862	-	-
Current	12,023,906	10,264,554	-	-
Non-current	17,996,911	31,194,308	-	-

20 INVENTORIES

	2024 Rs.	2023 Rs.
Food and beverages	51,561,620	50,100,524
Housekeeping and maintenance	47,022,070	44,937,147
Consumable and other	1,211,214	22,184,474
Inventory provision	[298,723]	[298,723]
	99,496,181	116,923,422

Notes to the Financial Statements

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade receivables	317,409,692	120,108,194	16,811,698	16,811,698
Less - Impairment made from trade receivables	[23,760,055]	[19,476,308]	[16,811,698]	[16,811,698]
	293,649,637	100,631,886	-	-
Other receivables	84,112,676	50,401,543	69,782,602	30,929,683
Other receivables from related parties [Note 21.1]	328,695,481	210,464,896	986,294,474	514,392,970
Provision for doubtful receivables	-	-	[11,468,398]	[11,468,398]
	706,457,794	361,498,325	1,044,608,678	533,854,255

21.1 Other receivables from related parties

		Group		Company	
	Relationship	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Hayleys PLC	Ultimate Parent	-	365,285	-	-
CDC Conventions (Private) Limited	Subsidiary	-	-	6,924,293	6,924,293
Hayleys Hotel Management Services (Private) Limited	Subsidiary	-	-	12,366,429	7,194,048
Hayleys Holidays (Private) Limited	Subsidiary	-	-	2,950,912	2,950,912
Kandyan Resorts (Private) Limited	Subsidiary	-	-	194,046,157	73,558,460
Sun Tan Beach Resorts Limited	Subsidiary	-	-	481,132,895	223,490,699
The Kingsbury PLC	Affiliate	110,000	505,195	-	-
Kelani Valley Resorts (Private) Limited	Affiliate	5,417,159	-	5,417,159	-
Hayleys Consumer Products Ltd	Affiliate	415,001	3,149,487	-	-
Hayleys Aventura (Private) Limited	Affiliate	249,000	34,000	-	-
Eastern Hotels (Private) Limited	Affiliate	3,636,071	2,302,424	-	-
Luxury Resort (Private) Limited	Affiliate	313,399,251	203,651,080	283,350,801	200,274,558
Hayleys Travels (Private) Limited	Affiliate	4,641,171	457,425	-	-
Haycarb PLC	Affiliate	309,000	-	-	-
Hayleys Agriculture Holdings Limited	Affiliate	169,000	-	-	-
Hayleys Tours (Private) Limited	Affiliate	105,828	-	105,828	-
Hayleys Lifesciences (Private) Limited	Affiliate	34,000	-	-	-
Energynet (Private) Limited	Affiliate	210,000	-	-	-
		328,695,481	210,464,896	986,294,474	514,392,970

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

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
2024	293,649,637	141,685,379	76,429,583	63,005,085	12,529,590	-
2023	100,631,886	48,016,963	43,774,096	6,566,927	273,900	2,000,000

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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Favorable cash and cash equivalent balances				
Cash and bank balances	133,180,654	100,763,269	12,129,378	21,472,210
Short term deposits	2,466,380	2,052,644	2,466,380	2,052,644
	135,647,034	102,815,913	14,595,758	23,524,854
Unfavorable cash and cash equivalent balances				
Bank overdraft	(530,756,910)	(495,991,908)	(294,297,284)	(307,794,462)
	(530,756,910)	(495,991,908)	(294,297,284)	(307,794,462)
Total cash and cash equivalents for the purpose of statement of cash flows	(395,109,876)	(393,175,995)	(279,701,526)	(284,269,608)

The bank overdrafts are secured by the leasehold properties of the Sun Tan Beach Resort Limited.

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

- Pan Asia Banking Corporation PLC: AWPLR
- Seylan Bank PLC: AWPLR

Short term deposits are held with registered financial institutions have less than 3 months maturity period.

Notes to the Financial Statements

23 STATED CAPITAL

	Group/ Company			
	2024		2023	
	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

	2024		2023	
	Number	Rs.	Number	Rs.
As at 01 April	107,989,958	909,370,708	107,989,958	909,370,708
As at 31 March	107,989,958	909,370,708	107,989,958	909,370,708

24 RESERVES

24.1 Revaluation Reserve

	2024 Rs.	2023 Rs.
On property, plant and equipment		
As at 01 April	376,989,122	462,906,453
Effect of income tax rate change on revaluation reserve	-	[85,917,331]
Surplus on Revaluation of Freehold Land	132,436,000	-
Deffered tax impact on revaluation gain	[39,730,800]	-
As at 31 March	469,694,322	376,989,122

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade payables	211,476,547	90,771,825	18,637,396	417,272
Other payables to related parties [Note 25.1]	1,216,685,593	734,799,469	1,187,551,326	632,721,991
Sundry creditors including accrued expenses	200,574,138	140,332,432	7,035,642	8,319,387
	1,628,736,278	965,903,726	1,213,224,364	641,458,650

25.1 Other Payables to Related Parties

Group				Company	
	Relationship	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Hayleys PLC	Ultimate Parent	987,131,633	567,102,333	839,803,333	495,697,701
Culture Club Resorts (Private) Limited	Subsidiary	-	-	126,460,219	520,324
The Kingsbury PLC	Affiliate	224,074,035	127,209,749	221,139,774	125,669,392
Hayleys Consumer Products Limited	Affiliate	246,638	389,225	-	-
Hayleys Travels (Private) Limited	Affiliate	148,000	132,800	148,000.00	-
Hayleys Tours (Private) Limited	Affiliate	-	20,239,945	-	10,119,973
Hayleys Business Solutions (Private) Limited	Affiliate	943,851	552,261	-	-
Hayleys Agriculture Holdings Limited	Affiliate	1,244,309	906,229	-	-
Hayleys Aventura (Private) Limited	Affiliate	224,250	-	-	-
Mabroc Teas (Private) Limited	Affiliate	716,169	682,502	-	-
Logiwiz Limited	Affiliate	-	31,138	-	-
Kelanivalley Resorts (Private) Limited	Affiliate	-	-	-	714,601
Singer (Sri Lanka) PLC	Affiliate	974,281	-	-	-
Carbotels (Private) Limited	Affiliate	-	15,372,891	-	-
Kelani Valley Resorts (Private) Limited	Affiliate	-	1,429,201	-	-
Fentons Limited	Affiliate	826,726	751,195	-	-
IML Delivery Systems (Private) Limited	Affiliate	155,701	-	-	-
		1,216,685,593	734,799,469	1,187,551,326	632,721,991

26 RETIREMENT BENEFIT OBLIGATION

Group			Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Defined Benefit Obligation - Gratuity				
Defined benefit obligation as at the beginning of the year	43,701,647	35,409,733	4,112,319	2,947,100
Employee transfer	-	(494,150)	-	720,000
Service cost	8,298,031	5,307,709	1,703,727	1,041,218
Interest cost	10,404,509	6,281,652	573,937	459,004
Actuarial (gain)/ loss	8,602,297	1,492,994	2,666,203	(560,853)
Benefit paid	(8,426,225)	(4,296,291)	(1,847,683)	(494,150)
Defined benefit obligation as at the end of the year	62,580,259	43,701,647	7,208,503	4,112,319

Notes to the Financial Statements

26 RETIREMENT BENEFIT OBLIGATION [Contd.]

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

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Statement of profit and loss	18,702,540	11,095,211	2,277,664	2,220,222
Other comprehensive income	8,602,297	1,492,994	2,666,203	(560,853)
	27,304,837	12,588,205	4,943,867	1,659,369

Messrs. Actuarial & Management Consultants (Private) Limited, an independent actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2024 Rs.	2023 Rs.
Discount rate	12%	18%
Future salary increment rate	11%	16%
Average remaining working life [years]	5	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	(339,125)	373,934
Group				
Change in present value of defined benefit obligation	(3,810,207)	3,501,141	3,185,716	(3,521,511)

26.2 Maturity analysis of the payments

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Within the next 12 months	9,870,531	5,477,953	1,544,887	229,234
Between 1 to 5 years	26,111,927	16,288,357	2,686,239	1,634,317
Between 5 to 10 years	15,863,354	12,665,509	2,269,433	1,524,539
More than 10 years	10,734,447	9,269,827	707,944	724,229
	62,580,259	43,701,647	7,208,503	4,112,319

27 OTHER CURRENT NON-FINANCIAL LIABILITIES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Contract liabilities (Note 27.1)	94,789,323	143,683,527	34,080,671	49,804,434
Other tax payable	23,129,579	4,402,608	1,145,711	1,221,832
	117,918,902	148,086,135	35,226,382	51,026,266

27.1 Contract liabilities

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Opening balance	143,683,527	87,838,764	49,804,434	52,953,189
Advance received during the year	2,048,669,013	1,200,095,787	38,454,888	42,869,466
Refunds due to cancellation of bookings	-	[1,362,775]	-	-
Setoff against the receivables	[2,097,563,217]	[1,142,888,249]	[54,178,651]	[46,018,221]
Closing balance	94,789,323	143,683,527	34,080,671	49,804,434

28 COMMITMENTS AND CONTINGENCIES

28.1 Capital expenditure commitments

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

28.2 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	10,912,727	11,695,532	-	-
After one year but not more than five years	28,033,941	16,238,865	-	-
More than five years	3,229,675	2,086,422	-	-
Total minimum lease payments	42,176,343	30,020,818	-	-
Less- Amounts representing finance charges	[12,155,525]	-	-	-
Present value of minimum lease payments	30,020,818	30,020,818	-	-

Notes to the Financial Statements

28 COMMITMENTS AND CONTINGENCIES (Contd.)

28.3 Contingent Liabilities

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

29 ASSETS PLEDGED

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

		Carrying Amount Pledged		
Nature of Assets Pledged	Nature of Liability	2024 Rs.	2023 Rs.	Included Under
Leasehold Right of the land and Hotel building belongs to Sun Tan Beach Resorts Ltd	Refer Note 15 & 16	3,115,128,630	2,403,259,172	Property, Plant and Equipment and ROU Assets

30 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

30.1 Transaction with the Related Entities

Nature of Transaction

Recurring related party transactions

	Parent Company		Subsidiary		Other Companies		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April	[495,697,701]	[206,324,418]	313,598,088	[39,561,935]	329,647,873	391,327,529	147,548,260	145,441,177
Rendering/ obtaining services	[344,105,632]	[289,373,283]	-	-	[14,728,325]	46,504,465	[358,833,957]	[242,868,818]
Management fees	-	-	187,770,699	96,158,843	289,594,381	215,085,804	477,365,080	311,244,647
Interest income	-	-	1,796,154	2,194,532	32,686,084	23,592,982	34,482,238	25,787,514
Expenses incurred by the company on behalf of others	-	-	142,775,787	127,339,636	33,154,693	22,327,271	175,930,480	149,666,908
Collections made by the company on behalf of the others	-	-	[21,023,213]	[38,503,363]	[21,654,192]	2,175,725	[42,677,405]	[36,327,638]
Net fund transfers	-	-	[53,957,048]	174,178,065	[325,580,028]	[356,400,000]	[379,537,076]	[182,221,935]
Settlements by the company	-	-	-	[8,207,690]	10,342,799	[14,965,903]	10,342,799	[23,173,594]
As at 31 March	[839,803,333]	[495,697,701]	570,960,467	313,598,088	333,463,286	329,647,873	64,620,419	147,548,259
Included in								
Amounts due from related parties	-	-	697,420,686	314,118,412	288,873,788	200,274,558	986,294,474	514,392,970
Amounts due to related parties	[839,803,333]	[495,697,701]	[126,460,219]	[520,324]	[221,287,774]	[136,503,966]	[1,187,551,326]	[632,721,991]
Other non current financial assets [Note 18.3]	-	-	-	-	265,877,281	265,877,281	265,877,271	265,877,281
	[839,803,333]	[495,697,701]	570,960,467	313,598,088	333,463,286	329,647,873	64,620,419	147,548,259

Notes to the Financial Statements

30 RELATED PARTY DISCLOSURES (Contd.)

30.2 Transactions carried out by subsidiaries with other related parties

	2024 Rs.	2023 Rs.
As at 1st April	[19,132,616]	[1,042,757]
Goods/ services rendered/ [obtained]	[92,856,673]	31,168,919
Settlements made/ [received]	5,679,623	[49,258,778]
As at 31 March	[106,309,666]	[19,132,616]

Parent: Hayleys PLC

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

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

30.2.1 Non-recurrent related party transactions

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 2024 audited financial statements, which required additional disclosures in the 2023/ 24 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.

30.2.2 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 2024 audited financial statements, which required additional disclosures in the 2023/ 24 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	2024	2023
Aggregate value of transaction during the year (Rs. '000)	443,537	277,977
Aggregate value of transactions as a percentage of net revenue	15%	18%

30.3 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

	2024 Rs.	2023 Rs.
Short-term employee benefits	74,544,966	74,619,333
Directors emoluments	8,749,571	5,596,268
	83,294,537	80,215,601

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.

31 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.

32 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 2024 and 2023.

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

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.

Notes to the Financial Statements

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

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
2024	+50	12,877,081
	-50	[12,877,081]
2023	+50	13,954,404
	-50	[13,954,404]

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:

	Change in USD rate	Effect on profit before tax	Effect on equity
2024	+/- 5%	[2,398,018]	[1,678,613]
2023	+/- 5%	1,855,372	1,298,761

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. 2,081,757/- (2023 - Rs. 1,990,450/-). An increase or decrease of 10% on the Colombo Stock Exchange [CSE] market index [ASPI] could have an impact of approximately Rs. 208,176/- (2023 - Rs. 199,045/-) 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.2,466,380/- of short term deposits and Rs.133,180,654/- 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 2024	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	530,756,910	144,284,257	360,454,802	1,368,559,212	171,361,005	2,575,416,186
Trade and other payables	-	412,050,685	1,216,685,593	-	-	1,628,736,278
	530,756,910	556,334,942	1,577,140,395	1,539,920,212	171,361,005	4,204,152,464

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

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	
	2024 %	2023 %
Interest-bearing loans and borrowings (Note 19)	2,575,416,186	2,790,880,871
Trade and other payables (Note 25)	1,628,736,278	965,903,726
Less: Cash and short term deposits (Note 22)	(135,647,034)	(102,815,913)
Net debt	4,068,505,430	3,653,968,684
Equity	1,174,674,015	1,233,976,739
Total capital	1,174,674,015	1,233,976,739
Capital and net debt	5,243,179,445	4,887,945,422
Gearing ratio	77.60%	74.75%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.



SUPPLEMENTARY INFORMATION



ACCENTS OF ENHANCEMENT

A comprehensive observation of the accessories that allow for smooth operations, pristine performances and for the conquering of foresighted challenges, that nurture a philosophy of innovation, distinction and persistent expansion in the company.

Shareholder Information

Total No. of shareholders as at 31 March 2024: 2,214 [as at 31 March 2023: 1,880]

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	1,530	364,329	0.34	10	3,632	0.00	1,540	367,961	0.34
1,001 - 10,000	444	1,529,026	1.42	5	17,900	0.02	449	1,546,926	1.43
10,001 - 100,000	183	5,733,811	5.31	2	50,412	0.05	185	5,784,223	5.36
100,001 - 1,000,000	27	8,389,522	7.77	1	545,167	0.50	28	8,934,689	8.27
Over 1,000,000	12	91,356,159	84.60	-	-	-	12	91,356,159	84.60
	2,196	107,372,847	99.43	18	617,111	0.57	2,214	107,989,958	100.00

CATEGORY

Individuals	2,070	11,422,607	10.58	17	71,944	0.07	2,087	11,494,551	10.64
Institutions	126	95,950,240	88.85	1	545,167	0.50	127	96,495,407	89.36
	2,196	107,372,847	99.43	18	617,111	0.57	2,214	107,989,958	100.00

SHARE TRADING INFORMATION

For the Twelve Months ended 31 March	2023/ 24		2022/ 23	
	Date		Date	
Highest Price Rs.	24.08.2023	28.00	15.09.2022	27.00
Lowest Price Rs.	12.06.2023	19.10	09.05.2022	12.60
Closing Price Rs.		20.00		24.00
No. of transactions		4,871		2,087
No. of shares traded		16,684,616		2,808,871
Value of shares traded Rs.		405,457,044		64,153,264

TOP TWENTY SHAREHOLDERS AS AT 31 MARCH 2024

	Name of Shareholder	No.of Shares as at 31.03.2024	%	No.of Shares as at 31.03.2023	%
1	Hayleys PLC	46,690,587	43.24	46,690,587	43.24
2	Dean Foster (Private) Limited	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	Mr. Sujeewa Indika Ranasinghe	2,390,926	2.21	2,808,651	2.60
5	Mercantile Investments and Finance PLC	1,933,440	1.79	1,933,440	1.79
6	Toyo Cushion Lanka (Private) Limited	1,835,420	1.70	1,835,420	1.70
7	Volanka Exports Limited	1,445,358	1.34	1,445,358	1.34
8	People's Leasing & Finance PLC/ L. P. Hapangama	1,381,692	1.28	571,383	0.53
9	Associated Electrical Corporation Ltd	1,234,942	1.14	1,134,942	1.05
10	Mr. Kulappuarachchige Don Dammika Perera	1,006,422	0.93	1,006,422	0.93
11	Code-Gen International (Pvt) Ltd	1,000,000	0.93	-	0.00
12	Sri Lanka Insurance Corporation Ltd-Life Fund	832,061	0.77	8,791,598	8.14
13	Bank of Ceylon No. 1 Account	686,139	0.64	1,186,240	1.10
14	Seylan Bank PLC/ W. D. N. H. Perera	558,000	0.52	-	0.00
15	Sandwave Limited	545,167	0.50	-	0.00
16	Hatton National Bank PLC/ Mushtaq Mohamed Fuad	497,745	0.46	64,565	0.06
17	People's Leasing & Finance PLC/ Dr. H. S. D. Soysa & Mrs. G. Soysa	487,517	0.45	308,730	0.29
18	Deutsche Bank AG - National Equity Fund	400,000	0.37	-	0.00
19	Mr. Derek Joseph De Silva Wijeyeratne	320,088	0.30	320,088	0.30
20	Bank of Ceylon A/C Ceybank Century Growth Fund	316,448	0.29	316,448	0.29
	TOTAL	96,999,324	89.82	101,851,244	94.32

There were no non-voting shares as at 31 March 2024

	2024	2023
Market Capitalisation as at 31 March	2,159,799,160	2,591,758,992
Float - Adjusted Market Capitalisation as at 31 March	679,261,660	814,071,499
Minimum public holding requirement as at 31 March	20.00%	20.00%
Percentage of Public Holding as at 31 March	31.45%	31.41%
Total no. of shareholders representing public holding as at 31 March	2,207	1,871

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

10 Year Financial Summary and Key Indicators

Year ended 31 March	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Results	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Revenue	2,877,808	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
Profit before tax	[154,507]	[892,029]	[892,717]	[784,638]	[252,362]	270,449	50,051	188,262	301,625	223,489
Taxation	8,521	67,599	[5,823]	[5,081]	[13,999]	[35,217]	[42,012]	[39,439]	[54,927]	[42,667]
Profit after tax	[145,986]	[824,431]	[898,540]	[789,719]	[266,361]	235,232	8,038	148,823	246,698	180,822
Profit/(Loss) attributable to owners of the parent	[112,626]	[741,165]	[826,368]	[723,771]	[168,578]	299,697	93,267	206,443	287,016	227,855
Non-Controlling Interest	[33,361]	[83,265]	[72,173]	[65,948]	[97,783]	[64,465]	[85,229]	[57,620]	[40,317]	[47,093]
Fund employed										
Stated capital*	909,371	909,371	909,371	909,371	909,371	909,371	819,780	819,779	718,907	718,907
Capital Reserves	469,694	376,989	462,906	423,794	423,794	423,794	269,100	274,699	410,346	410,346
Other component of equity	-	-	-	71,981	[60,487]	[49,105]	[7,569]	[17,286]	[44,854]	[30,808]
Revenue reserves	[34,613]	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
Equity attributable to equity holders of the parent	1,344,453	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
Non-Controlling Interest	[169,778]	[136,120]	[52,790]	25,491	22,272	128,253	206,597	285,554	399,931	423,035
Borrowings	2,575,416	2,790,881	2,775,877	2,023,826	1,568,828	1,354,460	1,447,915	1,518,536	1,791,385	1,839,254
Assets Employed										
Non-current assets	4,804,855	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
Current assets	1,010,254	684,128	663,129	396,390	695,115	830,547	607,443	554,134	564,440	377,117
Current Liabilities net of borrowings	1,746,655	1,113,990	493,485	380,164	375,162	451,869	309,384	510,648	324,016	319,738
Provisions	-	-	-	-	193,486	197,344	183,280	146,797	135,031	116,615
Capital Employed	3,750,091	4,024,858	4,921,246	4,923,530	5,099,864	5,181,093	5,142,286	5,038,133	5,542,191	5,434,316
Cash flow										
Net cash inflow/ [outflow] from operating activities	296,605	[173,504]	[737,321]	[624,158]	[114,412]	372,205	52,255	374,717	434,669	428,595
Net cash inflow/ [outflow] from Investment Activities	[133,471]	[65,858]	46,714	88,744	[53,141]	110,336	[57,978]	110,652	[157,439]	[1,042,792]
Net cash inflow/ [outflow] from Financing Activities	[193,138]	140,954	518,397	341,790	108,421	[404,683]	[50,455]	[525,346]	49,477	451,319
Increase/ [decrease] in cash and cash equivalents	[30,004]	[98,408]	[172,210]	[193,624]	[59,132]	77,858	[56,178]	[39,978]	326,707	[162,877]
Key Indicators										
Earnings/ [Loss] per share (basic) [Rs.]*	[1.04]	[6.86]	[7.65]	[6.70]	[3.12]	5.55	1.80	3.98	5.69	4.74
Dividend per share [Rs.]	-	-	-	-	-	5.50	-	2.00	4.00	5.00
Net Assets Value per share (Rs.)**	12.45	12.69	20.36	26.62	64.98	68.49	67.23	65.46	66.44	66.04
Market price per share [rs.]	20.00	24.00	16.20	17.80	25.00	37.20	52.80	63.80	60.50	85.00
Return of shareholders fund (%)	[12.43]	[66.81]	[41.88]	[27.23]	[7.54]	6.15	0.22	4.04	6.58	5.03
Return of capital employed (%)	6.16	[9.20]	[10.89]	[11.24]	[1.65]	8.53	4.14	7.81	8.28	6.64
Price earnings ratio (times)	[19.18]	[3.50]	[2.12]	[2.66]	[8.01]	6.70	29.37	16.03	10.63	17.92

* 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.

Corporate Structure

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.

DATE OF INCORPORATION

31st December 1981

REGISTERED OFFICE

Level 27, East Tower
World Trade Centre, Echelon Square
Colombo 01
Sri Lanka.
Telephone : 011 - 4767800
Website : www.amayaresorts.com

STOCK EXCHANGE LISTING

The Ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka.

BOARD OF DIRECTORS

Mr. A. M. Pandithage
[Chairman]
Mr. R. J. Karunaratna
[Managing Director]
Ms. R. N. Ponnambalam
Ms. W. D. De Costa
Mr. S. C. Ganegoda
Mr. D. T. R. De Silva
Ms. D. B. Perera
Ms. A. I. Wanigasekera
Ms. A. A. K. Amarasinghe

SUBSIDIARY COMPANIES

UNQUOTED

Culture Club Resorts (Private) Limited.
Kandyan Resorts (Private) Limited.
Sun Tan Beach Resorts Limited.
Hayleys Holidays (Private) Limited.
CDC Convention (Private) Limited.
Hayleys Hotel Management Services (Private) Limited.

REMUNERATION COMMITTEE

Mr. D. T. R. De Silva
[Chairman]
Ms. A. I. Wanigasekera
Mr. S. C. Ganegoda

NOMINATIONS AND GOVERNANCE COMMITTEE

Mr. D. T. R. De Silva
[Chairman]
Ms. A. I. Wanigasekera
Mr. S. C. Ganegoda

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. D. T. R. De Silva
[Chairman]
Ms. A. I. Wanigasekera
Mr. S. C. Ganegoda

AUDIT COMMITTEE

Mr. D. T. R. De Silva
[Chairman]
Ms. A. I. Wanigasekera
Ms. W. D. De Costa

SECRETARIES

Hayleys Group Services
(Private) Limited
No. 400, Deans Road
Colombo 10
Sri Lanka.
Telephone : +94 112 627 650-3
[4 lines]

AUDITORS

Ernst & Young Chartered Accountants
Rotunda Towers
No. 109, Galle Road
Colombo 03
Sri Lanka.

BANKERS

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

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT THE FORTY SECOND ANNUAL GENERAL MEETING OF HAYLEYS LEISURE PLC will be held on Wednesday, 26 June 2024 at 11.00 a.m. at the Chas P. Hayley Lounge 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 2024 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. S. C. Ganegoda, 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. D. T. R. De Silva, 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. A. I. Wanigasekera 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 re-elect as a Director Ms. A. A. K. Amarasinghe 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.
6. 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-Three 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'.

7. To authorise the directors to determine donations and contributions to charities for the ensuing year.
8. To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/ 25 and to authorise the Directors to determine their remuneration.

By Order of the Board,
HAYLEYS LEISURE PLC



HAYLEYS GROUP SERVICES (PRIVATE)
LIMITED
Secretaries

Colombo
31 May 2024

Notes to shareholders:

1. The Annual Report of the Company for 2023/ 24 is available on the corporate website: <https://www.amayaresorts.com/about/annual-reports> and on the Colombo Stock Exchange website: <https://www.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. A shareholder who requires a hard copy of the Annual Report must post or handover the duly completed 'Form of Request for a printed copy of the Annual Report 2023/ 24' to the office of the Secretaries.

Form of Proxy

I/ We
 [Full Name of Shareholder, NIC No./ Reg. No.] of
 being a Shareholder/ Shareholders of Hayleys Leisure PLC hereby appoint:

- 1). [Full Name of Proxyholder and NIC No.]
 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 Second Annual General Meeting of the Company to be held on Wednesday, 26 June 2024 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 2024 with the Report of the Auditors thereon.	<input type="radio"/>	<input type="radio"/>
2. To re-elect as a Director Mr. S. C. Ganegoda, as set out in the Notice.	<input type="radio"/>	<input type="radio"/>
3. To re-elect as a Director Mr. D. T. R. De Silva, as set out in the Notice.	<input type="radio"/>	<input type="radio"/>
4. To re-elect as a Director Ms. A. I. Wanigasekera, as set out in the Notice.	<input type="radio"/>	<input type="radio"/>
5. To re-elect as a Director Ms. A. A. K. Amarasinghe, as set out in the Notice	<input type="radio"/>	<input type="radio"/>
6. To re-appoint Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.	<input type="radio"/>	<input type="radio"/>
7. To authorise the Directors to determine donations and contributions to charities for the ensuing year.	<input type="radio"/>	<input type="radio"/>
8. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/ 25 and to authorise the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>

Signed on this day of 2024.

.....
 Signature of Shareholder

[Instructions are given overleaf]

Form of Proxy

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 entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/ her and the Proxy need not be a Shareholder of the Company.
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.

