

power of
purpose

power of
purpose

Ours has been a journey driven by purpose - to establish, and constantly reinforce our standing as Sri Lanka's most innovative hospitality chain and to be at the forefront in promoting the country's incredible tourism offering.

By embedding our purpose at the core of our strategy, we have designed an offering encompassing the best of people, a culture of excellence, and the commitment to create deeply personal moments and memories for each guest that experiences the Cinnamon promise.

We have strived to constantly build positive value, inspiring every stakeholder in our sphere of influence to boldly disrupt and innovate while reaching for better outcomes and always, remaining true to our purpose.

We know that the power of our purpose will deliver the right kind of progress



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ABOUT OUR REPORT

John Keells Hotels PLC (Company) and its subsidiaries (hereinafter referred to as "Hotels Group") is proud to present herewith its 7th Integrated Annual Report which provides a concise view of its operations and performance during the year. In addition to the information presented herein, a supplementary Sustainability Report that sets out in detail how we leveraged our capitals to achieve our strategic objectives is available on our website: <https://www.cinnamonhotels.com/cinnamon-csr-sustainability>. The supplementary Sustainability Report is in line with the Global Reporting Initiative (GRI) Standards: Core option.

Reporting Boundary

This Report covers the Sri Lankan and Maldivian operations of the Hotels Group for the period 1 April 2021 to 31 March 2022 and builds on the Group's previous annual reporting cycle for the period ended 31 March 2021. The financial and non-financial information presented herein represents consolidated figures for the Company and its subsidiaries unless otherwise stated. The information related to the previous period has not been restated during this period unless otherwise stated. Forward looking statements included in this report, discuss the possible future financial position and results of the Group's operations. These statements, however, involve an element of risk and uncertainty. We do not undertake to update or revise these statements publicly in the event of a change of circumstances.

Materiality

We have adopted the concept of materiality throughout the report by focusing on aspects that are deemed to be material and relevant to the Hotels Group's operations and to our key stakeholders. The process for determining materiality is described on page 74 of this Report.

STATEMENT BY THE BOARD

The Board acknowledges its responsibility to ensure the integrity of the Annual Report and is of the opinion that the Report addresses all material issues that it believes to have a bearing on the Company's capacity to create value over the short, medium and long term.

Reporting Principles and Quality Assurance

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Assurance on the Financial Statements by Messrs. Ernst & Young, Chartered Accountants
- Laws and regulations of the Companies Act No. 7 of 2007
- Independent assurance on sustainability reporting by Messrs. Ernst & Young, Chartered Accountants
- Listing Rules of the Colombo Stock Exchange (CSE) and subsequent revisions to date
- Gender Parity Reporting Framework published by CA Sri Lanka
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars
- Code of Best Practice on Corporate Governance (2013) jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka, to the extent of business exigency and as required by the Group
- The Supplementary sustainability report have been prepared in line with the Global Reporting Initiative (GRI) Standards: Core option



We encourage your comments and feedback and invite you to direct your comments and queries to;

Rasika Pushpakumara
Vice President, Finance – Cinnamon Hotels & Resorts,
117, Sir Chittampalam A Gardiner Mawatha, Colombo 02.
E-mail: rasikapu@cinnamonhotels.com



Scan to view the supplementary Sustainability Report. Visit <https://www.cinnamonhotels.com/cinnamon-csr-sustainability>

WHO WE ARE

John Keells Hotels PLC is one of Sri Lanka's largest hotel operators, with a portfolio of 12 resorts across Sri Lanka and the Maldives. Over the years the "Cinnamon Hotels & Resorts" has grown to be one of the most respected brands in the country. Who we are is what sets us apart.



Cinnamon
HOTELS & RESORTS

What Sets Us Apart

Our Group

John Keells Hotels Group

We are backed by our holding company John Keells Holdings PLC, one of Sri Lanka's largest conglomerates.

Our Brand Proposition

Most Valuable Hospitality Brand in Sri Lanka for 2020 and 2021

As a leading hospitality brand in Sri Lanka, "Cinnamon" brand, continues to be at the forefront in promoting the country's incredible tourism offering.

Our Financial Strength

Total Assets
Rs. 83,523Mn

Our strong financial position enabled us to remain resilient amidst one of the most turbulent years for the global tourism industry.

Our Team

2,358 Employees

Our team of 2,358 dedicated hospitality professionals are committed to delivering on our guest promise.

Our Portfolio

12 Properties

Our portfolio of 12 resorts are located in some of the prime tourist destinations around Sri Lanka and in the Maldives, with an inventory of 1,476 rooms.




Cinnamon
SAIGON HUBA
DINH THUAN

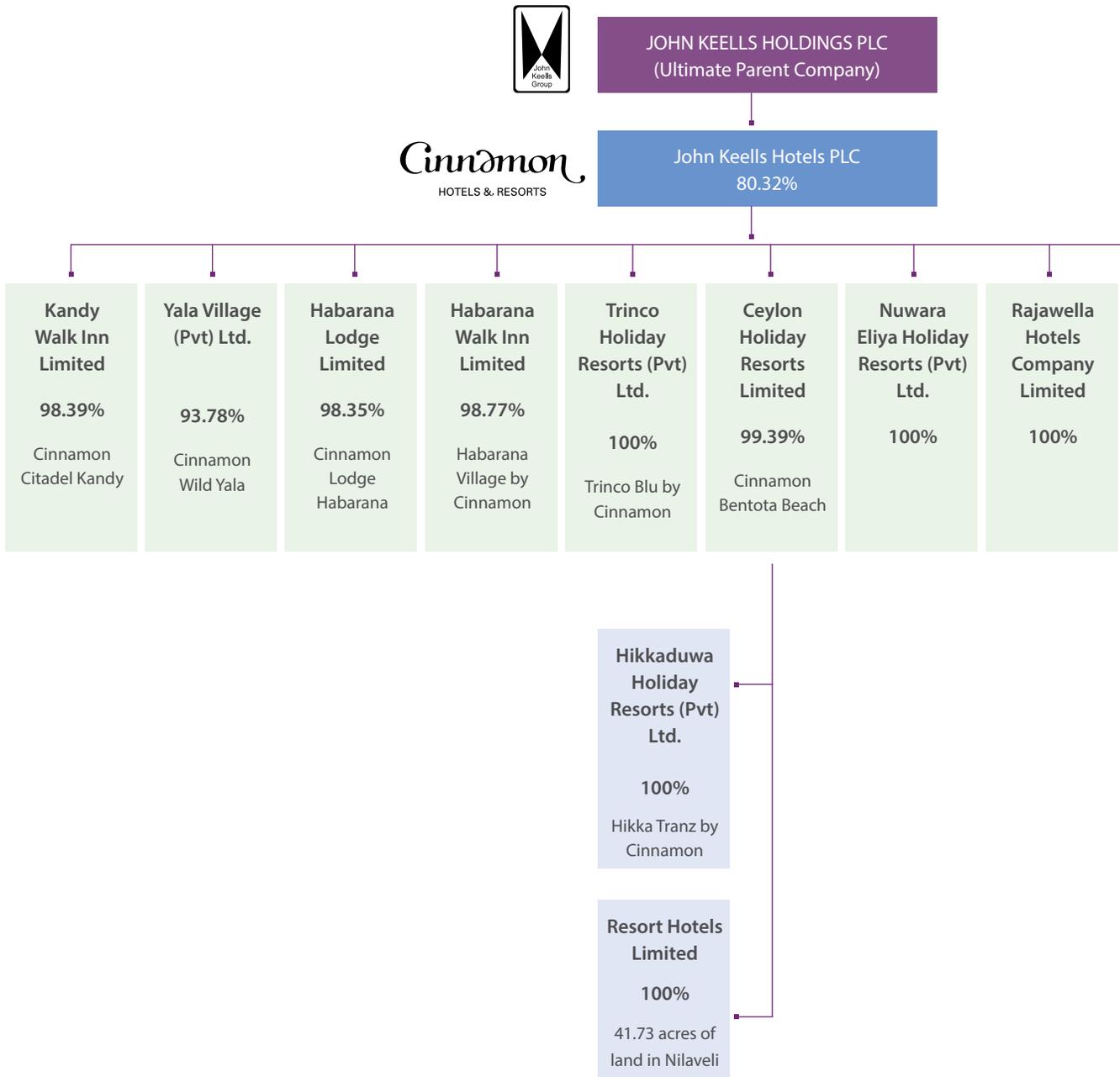
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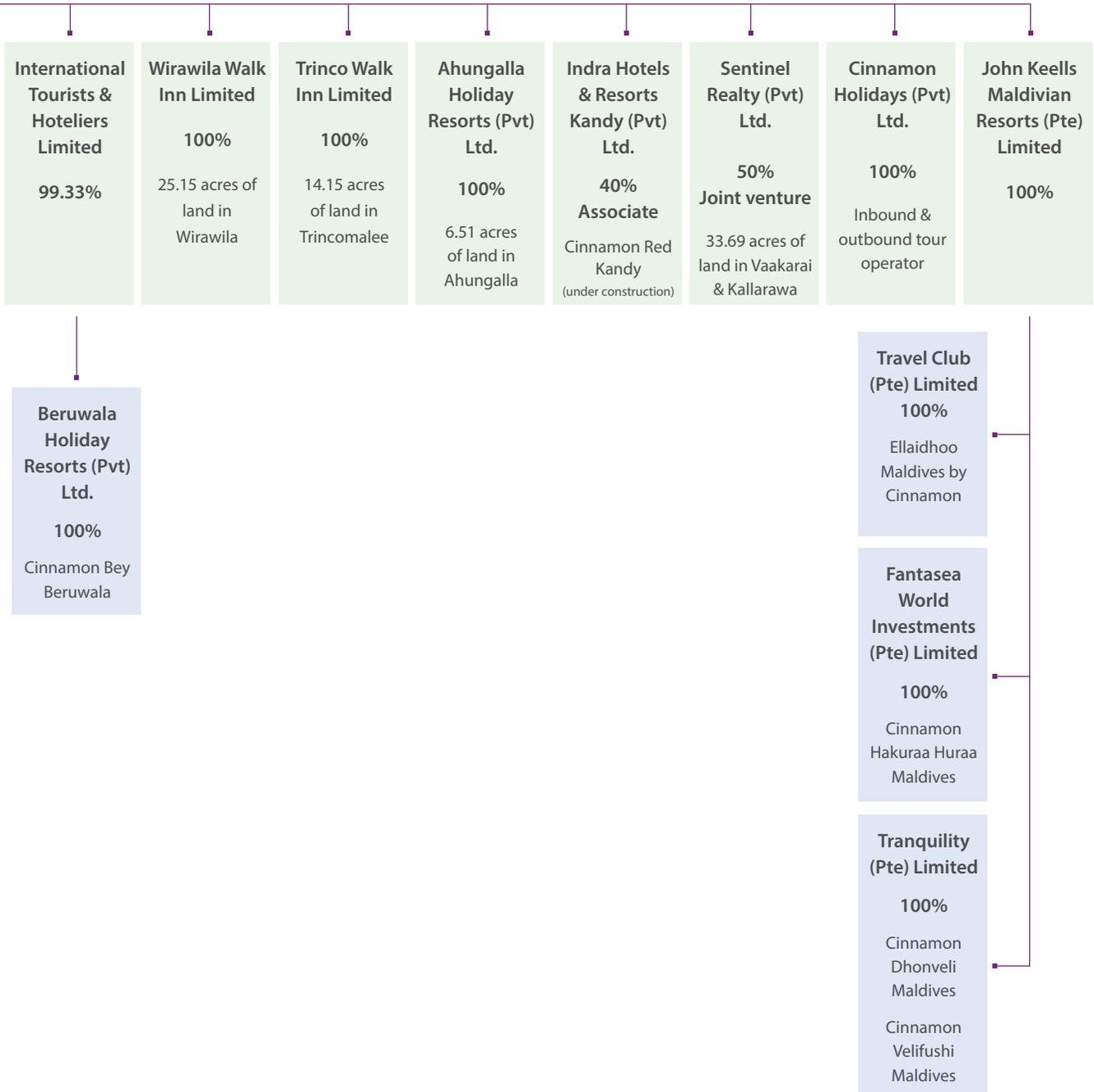
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GROUP STRUCTURE





PERFORMANCE SCORECARD

Indicator		2021/22	2020/21	Change YOY	
Financial Capital	Profitability				
	Revenue	Rs. Million	13,355	3,661	265%
	Operating loss	Rs. Million	(190)	(4,777)	96%
	EBITDA	Rs. Million	3,425	(1,576)	317%
	Loss for the year	Rs. Million	(1,217)	(5,120)	76%
	Earnings / (Loss) per share	Rs.	(0.83)	(3.50)	76%
	Financial Position				
	Total assets	Rs. Million	83,523	62,475	34%
	Total equity	Rs. Million	30,140	24,431	23%
	Total debt	Rs. Million	49,196	35,327	39%
	Market and Shareholder Information				
	Net assets per share	Rs.	20.63	16.71	23%
	Share price	Rs.	11.70	9.50	23%
	Market capitalisation	Rs. Million	17,037	13,833	23%
Manufactured Capital	Asset Light Expansion				
	Property, plant and equipment	Rs. Million	32,322	27,109	19%
	Room capacity	No. of rooms	1,476	1,476	0%
	Capital expenditure	Rs. Million	541	1,400	-61%
Human Capital	Develop People Capability				
	Total employees	No.	2,358	2,062	14%
	Payment to employees	Rs. Million	2,698	2,068	30%
	No. of promotions	No.	58	22	164%
	Attrition rate	%	24	13	85%
	Female representation	%	12	10	20%
	Investment in training	Rs. Million	41	16	157%
	Total training hours	Hours	108,749	80,791	35%
	New recruits	No.	970	285	240%
	Average training hours/employee	Hours	46	39	17%
Workplace injuries	No.	19	15	27%	

Indicator		2021/22	2020/21	Change YOY	
Social and Relationship Capital	Build a Recognisable Brand				
	Occupancy rate - Sri Lanka	%	32	16	100%
	Occupancy rate - Maldives	%	75	27	178%
	Customer satisfaction rate	%	93	93	0%
	Social Media Presence				
	- Facebook likes	No.	217,487	215,003	1%
	- Twitter followers	No.	4,733	4,625	2%
	- Instagram followers	No.	35,304	33,545	5%
	- LinkedIn followers	No.	46,858	33,039	42%
	- YouTube subscribers	No.	4,189	3,333	26%
	Commitment: Creating Value across our Supply Chain				
	Total suppliers	No.	883	992	-11%
	Payment to suppliers	Rs. Million	3,710	2,369	57%
Commitment : Empowering communities					
Total investment in CSR	Rs. Million	2.87	1.06	172%	
Natural Capital	Sustainability				
	Carbon footprint	tCO2e	19,083	13,435	42%
	Carbon footprint per EarthCheck guest night	KgCO2e	18.18	21.36	-15%
	Water withdrawn	m3	610,435	405,254	51%
	Water withdrawn per EarthCheck guest night	Litres	582	644	-10%
	Total waste	MT	1,799	805	123%
Waste disposed per EarthCheck guest night	Kg	0.22	0.37	-41%	

YEAR AT A GLANCE



"One Island, A Thousand Treasures" Destination Promotion Campaign

The "One Island, A Thousand Treasures" destination promotion campaign was launched during the year in collaboration with the Sri Lanka Tourism Development Authority (SLTDA) to promote Sri Lanka as a 'must-visit' travel destination.



Classic Car Run

The 'Classic Car Run' was hosted by Cinnamon Bentota Beach in collaboration with the Classic Car Club of Ceylon as a unique experience that brought together discerning guests with a passion for retro motor cars, historical art and architecture.



"Sri Lanka Unexplored" Webinar series

The "Sri Lanka Unexplored" webinar series was launched with the aim of exploring the natural wonders of Sri Lanka in an interactive and informative manner while promoting Sri Lankan wildlife among guests.



"EmpowHer" Network launch

The "EmpowHer Network" was launched during the year as part of our ongoing efforts to promote female empowerment and gender diversity. The EmpowHer Network is an in-person networking forum that facilitates open discussions and dialogue to enhance and strengthen working relationships, share knowledge, and provide peer support for women. The network focuses on the importance of finding a voice, developing leadership, networking and negotiating skills through a series of activities that creates opportunities for self-development and professional development that extend beyond skill training.



Commitment to UNESCO Sustainable Travel Pledge

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



Staff Vaccination drive

A staff vaccination drive was initiated to provide vaccination primarily for the Cinnamon Hotels & Resorts staff whilst also giving the opportunity to casual staff such as the construction workers at the Cinnamon Life site to receive the required doses of the COVID-19 vaccination. This vaccination drive recorded the highest number of vaccination jabs per venue by providing vaccinations for over 1,800 individuals.



Launch of Cinnamon Rainforest Restoration Project

Cinnamon Hotels & Resorts proudly launched its latest sustainability initiative, "Cinnamon Rainforest Restoration Project" aimed at restoring a degraded 50-acre plot of forest land situated in the buffer zone of the Sinharaja Rainforest over a period of three years. The project which is a part of the Group's long-standing commitment to biodiversity conservation, is expected to not only enrich the ecological significance of the region but also create a habitable environment for the birds and other endemic species.

Awards and Accolades

May 2021

Awarded 'Most Valuable Hospitality Brand in Sri Lanka' for 2020 and 2021 by Brand Finance Lanka

September 2021

Received PATA Grand Award at The Pacific Asia Travel Association (PATA) Gold Awards 2021 under the category of Sustainability and Social Responsibility for the 'Cinnamon Travel Pledge' initiative

November 2021

John Keells Maldivian Resorts won the 'Corporate Maldives GOLD 100 GALA award' as one of the leading 100 companies of Maldives in year 2021

February 2022

Cinnamon Hotels & Resorts was recognised as a part of the elite CNN Partner Hotels for business travellers around the world.

COVID-19 RESPONSES

FY 2021/22 continued to be challenging for the hospitality industry amidst the emergence of new variants of the virus and the prolonged socio-economic impact of the global pandemic. Despite these challenges we remained resilient, responding swiftly and agilely to evolving market conditions whilst preparing for the new normal.

 COVID-19 Operational Response	
Increase in EBITDA margin through better revenue management	Reduction in operational expense through operational efficiencies
Adoption of an agile business model	Temporary reduction in capital expenditure

 COVID-19 Balance Sheet Response	
Minimising cash burn and preserving liquidity through cost controls and reduction in capital expenditure	Obtaining extensions under moratoriums for loan facilities in Sri Lanka

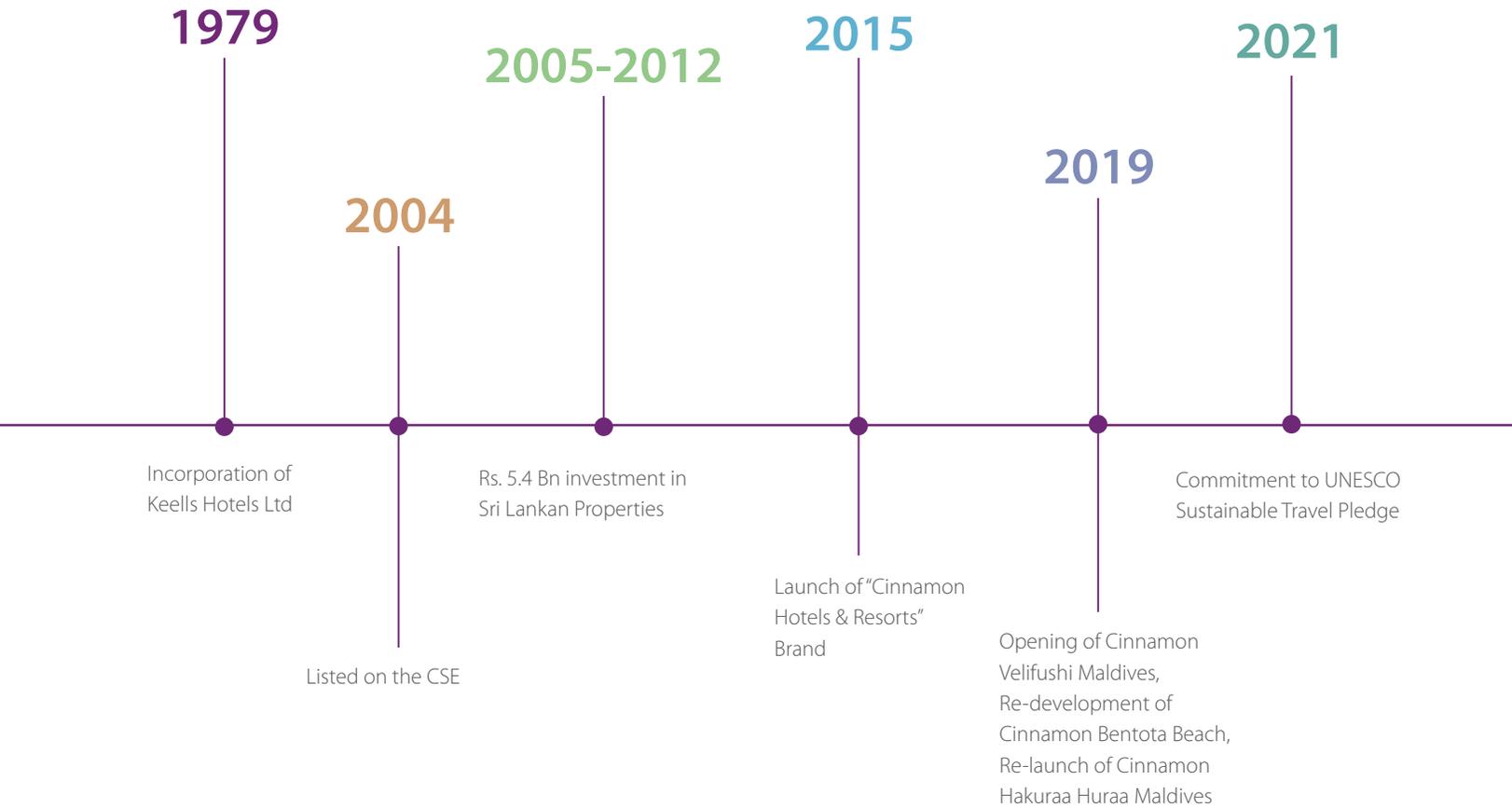
 COVID-19 Brand Repositioning	
Cinnamon Hotels & Resorts became the first hotel chain in Sri Lanka to commit to UNESCO Sustainable Travel Pledge	Re-launch of the upgraded Cinnamon Bentota Beach Resort targeting the luxury market

 COVID-19 ESG Initiatives	
Ongoing focus on health and safety training for employees	Conversion of 'Hikka Tranz by Cinnamon' and 'Cinnamon Citadel Kandy' to Intermediate Care Centres during the height of the COVID-19 3 rd wave
Implementation of 'Cinnamon Care' –health and safety standard for care and cleanliness across entire operation	29% of our employees were vaccinated for COVID-19 through our in-house vaccination drives, resulting in 82% of our staff being fully vaccinated by December 2021.

OUR JOURNEY

Our Journey of Growth

Our journey reflects our triple bottom line approach and strong commitment to operational excellence which has enabled our brand to grow from strength to strength.



Our Portfolio

Our 12 properties across Sri Lanka and the Maldives offer guests unique experiences by combining contemporary architecture with a heritage of hospitality. We continue to invest in our hotel properties implementing the highest safety standards whilst prioritising guest comfort and wellbeing.

OUR PORTFOLIO

Our journey reflects our triple bottom line approach and strong commitment to operational excellence which has enabled our brand to grow from strength to strength.

Sri Lanka

Locations in Sri Lanka



Cinnamon Bentota Beach		
Rooms	159	
Star Rating	★★★★★	

Habarana Village by Cinnamon		
Rooms	108	
Star Rating	★★★★	

Cinnamon Lodge Habarana		
Rooms	138	
Star Rating	★★★★★	

Cinnamon Citadel Kandy		
Rooms	119	
Star Rating	★★★★	

Cinnamon Bey Beruwala		
Rooms	199	
Star Rating	★★★★	

Cinnamon Wild Yala		
Rooms	68	
Star Rating	★★★★	

**Hikka Tranz
by Cinnamon**

Rooms 150
Star Rating ★★★★★



**Trinco Blu by
Cinnamon**

Rooms 81
Star Rating ★★★★★



Maldives

**Ellaidhoo
Maldives by
Cinnamon**

Rooms 112
Category Upscale



**Cinnamon
Dhonveli
Maldives**

Rooms 152
Category Upper upscale



Locations in Maldives



**Cinnamon
Hakuraa Huraa
Maldives**

Rooms 100
Category Upper upscale



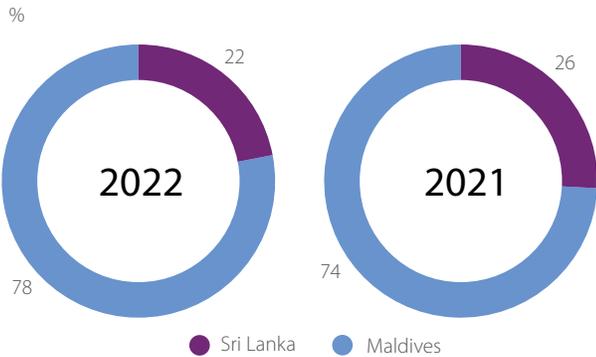
**Cinnamon
Velifushi
Maldives**

Rooms 90
Category Luxury



GROUP FINANCIAL AND OPERATIONAL HIGHLIGHTS

Turnover

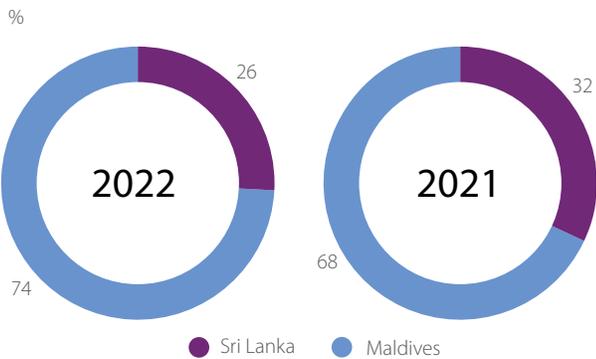


Group Revenue

265%

Y-o-Y Growth

Total Assets

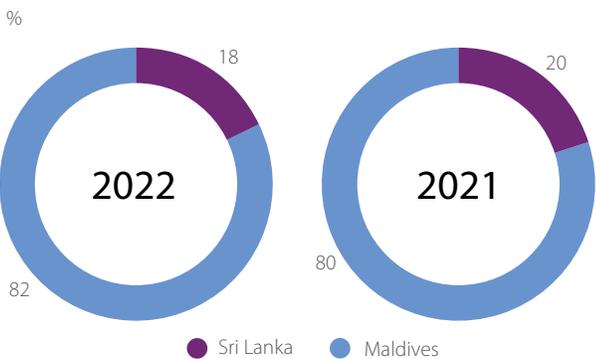


EBITDA

317%

Y-o-Y Growth

Total Liabilities



Net Assets per Share

23%

Y-o-Y Growth

GROUP FINANCIAL HIGHLIGHTS

Year ended 31 March		2022	2021
Earnings-Highlights and Ratios			
Group Revenue	Rs'000	13,354,724	3,660,539
Group EBITDA	Rs'000	3,424,518	(1,576,435)
Group EBIT	Rs'000	70,729	(4,712,323)
Group loss before tax	Rs'000	(1,297,872)	(5,854,557)
Group loss after tax	Rs'000	(1,216,932)	(5,119,808)
Group loss attributable to the shareholders	Rs'000	(1,202,776)	(5,096,181)
Earnings/(Loss) per share (EPS)	Rs.	(0.83)	(3.50)
EPS growth / (de-growth)	%	76.29	(326.83)
Return on equity	%	(4.48)	(19.29)
Pre-tax Return on Capital Employed (ROCE)	%	0.10	(8.05)

As at 31 March		2022	2021
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Statement of Financial Position - Highlights and Ratios

Total assets	Rs'000	83,522,588	62,475,469
Total debt	Rs'000	49,195,961	35,326,657
Total shareholders' funds	Rs'000	30,040,961	24,326,139
No. of shares in issue	Number 000's	1,456,147	1,456,147
Net assets per share	Rs.	20.63	16.71
Debt/Equity	%	164	145
Debt/Total assets	%	58.90	56.54
Current ratio	Times	0.35	0.31
Quick asset ratio	Times	0.33	0.28

Market/Shareholder information

Market price of share	Rs.	11.70	9.50
Market capitalisation	Rs '000	17,036,917	13,833,394
Price earnings ratio	Times	(14.10)	(2.71)

Year ended 31 March		2022	2021
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Economic value distributed

Operating costs	Rs'000	10,963,126	6,429,749
Employee wages and benefits	Rs'000	2,698,151	2,068,394
Payments to providers of funds	Rs'000	1,235,013	1,124,063
Payments to government	Rs'000	36,965	29,112
Community investments	Rs'000	2,874	1,055
Total employees	Number	2,358	2,062

GROUP OPERATIONAL HIGHLIGHTS

Year ended 31 March		2022	2021
Occupancy - Sri Lankan Sector		32%	16%
Occupancy - Maldivian Sector		75%	27%

CHAIRMAN'S REVIEW

Despite the year being an extremely challenging one for the tourism industry as a whole, the Group was resilient, demonstrated agility in an uncertain operating environment, while concurrently prioritising the health and safety of all stakeholders, particularly the employees and guests.

Dear Stakeholder,

I am pleased to present to you, on behalf of the Board, the highlights of the Annual Report and Financial Statements of John Keells Hotels PLC for the year ended 31st March 2022. Supported by our ongoing emphasis on cost optimisation, prudence, and agility, the Group witnessed a gradual turnaround in performance during the year. As the world gradually emerges from the COVID-19 pandemic to a new-normal, we have re-evaluated our priorities in order to respond to these unprecedented times and stay focused on the strategic business needs required to deliver long-term success for all stakeholders

Operating Environment

Global

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

Sri Lanka

As Sri Lanka reopened its borders to international tourists on 21st January 2021, arrivals during the first quarter of CY2021 remained subdued, reflecting the lower demand globally for international travel. The surge in COVID-19 positive cases from late April 2021 and resultant border and mobility restrictions imposed by the Government in May 2021 continued to dampen arrivals in the second quarter as well. In August 2021, the country re-opened its borders for fully vaccinated travellers and removed mandatory on-arrival PCR tests with effect from September 2021. The easing of restrictions for vaccinated travellers together with increased vaccination rates globally resulted in a resurgence in tourist arrivals commencing September 2021, with the country welcoming a total of 106,500 tourists in March 2022, the highest number of arrivals achieved since the COVID-19 outbreak

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

Maldives

The Maldivian tourism industry witnessed a strong recovery in 2021, recording 1.3 Mn arrivals which compares well with the pre-COVID-19 annual total of 1.6 Mn arrivals in 2019. Strong policy support including early re-opening of borders with stringent hygiene protocols, one of the fastest COVID-19 vaccination campaigns in the world and a targeted effort to capture new source markets and tourist demographics, supported this strong growth making the Maldives one of the best performing tourist destinations in the region.

The COVID-19 pandemic has had a significant impact on the supply and demand dynamics of the travel and tourism sector. Preferences continue to evolve with guests increasingly seeking low density eco-sustainable experiences with stringent health and hygiene protocols and are notably moving away from mass tourism to a more niche and higher value added segment. Connectivity and sustainability play an increasingly important role in travel and accommodation decisions. Meanwhile, distribution channels have also witnessed disruptions with direct and OTA bookings gaining share at the expense of other third-party channels like bed banks and global distribution systems (GDS).

Group Performance

The Group witnessed a turnaround in performance, reporting revenue of Rs. 13.35Bn during the year, an increase of 265 per cent from last year. EBITDA for FY 2021/22 amounted to Rs. 3,425Mn, as against the loss at an EBITDA level of Rs. 1,576Mn recorded during the last year. This reflected the year-round strong performance of the Maldivian Resorts and encouraging recovery momentum in the Sri Lankan resorts from November 2021 onwards.

Buoyed by a strong recovery in tourist arrivals to the country, the Maldivian Resorts segment continued to witness higher than anticipated occupancies, with occupancy levels reaching pre-pandemic levels by the third quarter of 2021. Average Room Rates (ARR's) during the year too exceeded forecasted rates.

The recovery of the Sri Lankan resorts cluster however was slower, hampered by the surge in COVID-19 infections in April 2021. Despite the re-opening of the airport in January 2021, re-imposition of inter-

provincial travel restrictions due to the outbreak of the third wave resulted in the closure of all our Sri Lankan resorts apart from 'Hikka Tranz by Cinnamon' and 'Cinnamon Citadel Kandy' which operated as Intermediate Care Centres (ICCs) for the treatment of asymptomatic COVID-19 patients. With the easing of restrictions towards the end of the second quarter, including the opening of the country to fully vaccinated tourists, Cinnamon Bey Beruwala re-commenced operations in July 2021 as a Level-1 hotel operating under the bubble concept. By November 2021 all our resorts had re-commenced operations with occupancy levels showing a steady increase during the third and last quarters of FY 2021/22. Many of the Sri Lankan Resorts recorded a positive EBITDA from December 2021 onwards with domestic tourism being a key catalyst.

People Priorities – Nurture

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

By the introduction of the "EmpowHer Network" Cinnamon Hotels & Resorts, in alignment with the John Keells Group's, diversity, equity and inclusion (DE&I) initiative - "ONE JKH", aims to create a diverse, equal and inclusive workplace. Through initiatives targeted towards improving work culture and breaking biases, we have increased our female participation to 12% from 10% and are working towards achieving our 2025 gender target of 24%. Being recognised as an Employer of Choice remains a key priority of our HR strategy and we continue to develop our Employee Value Proposition (EVP) to suit evolving labour dynamics, including the introduction of the Cinnamon Online Academy, a purpose-built online learning platform that provides interactive and flexible training opportunities. Our training capabilities continue to be recognised by leading industry training bodies such as the Vocational Training Authority of Sri Lanka (VTA) and we work in close partnership with such authorities to strengthen entry level skills of potential hotel sector employees. During the year we rolled out our Employee Value Proposition (EVP) "Your Great Journey Starts Here" and are committed to delivering on this employee promise.

Commercial Priorities - Growth

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

management function was strengthened with a dedicated team with international expertise and exposure, supported by digital initiatives including a new Revenue Management System, an upgraded property Management System and several data analytics tools and competitor intelligence tools. Brand visibility was further enhanced through upgrades to our website and innovative content creation. Distribution channels were strengthened through dynamic contracting with leading bed banks in key markets such as Middle East, India, CIS, and Europe and by closely monitoring rate parity across the channels. We will continue to diversify into emerging source markets and strengthen our presence in existing key markets through a global sales structure that includes a global call centre, B2B booking platform and Central Contact point for MICE related sales. With the expected rise in demand for luxury travel we are also in the process of repositioning selected Maldivian and Sri Lankan Resorts to target the luxury segment.

Operational Priorities – Agility

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

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

ESG Priorities- Sustainability

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

As part of a long-term initiative to protect biodiversity and address climate change, the Group launched the "Cinnamon Rainforest Restoration Project" during the year under review. The project is a collaboration between Cinnamon Hotels & Resorts, Ruk Rakaganno,

CHAIRMAN'S REVIEW

Forest Department Sri Lanka and John Keells Foundation and aims to restore a 50-acre plot of forest land situated in the buffer zone of the Sinharaja Rainforest over a period of three years. Details of these initiatives and the Group's sustainability performance in accordance with the GRI Standards are available in our Supplementary Sustainability Report.

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

We also continued to provide assistance in combating the spread of the COVID-19 infections through the provision of basic needs to disadvantaged communities. Moreover two of our resorts, 'Hikka Tranz by Cinnamon' and 'Cinnamon Citadel Kandy' were converted to Intermediate Care Centres during the height of the 3rd wave, with a total of 3,800 patients being treated at these centres.

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

Awards and Accolades

The Group's pursuit of excellence in all aspects of our operation continues to garner industry recognition. Cinnamon Hotels & Resorts was awarded 'Most Valuable Hospitality Brand in Sri Lanka' 2021 by Brand Finance Lanka while John Keells Maldivian Resorts won the "Corporate Maldives GOLD 100 GALA" award as one of the leading 100 companies of Maldives in year 2021. We were also the only Sri Lankan company to be recognised at The Pacific Asia Travel Association (PATA) Gold Awards 2021 where our CSR initiative 'Cinnamon Travel Pledge' received the PATA Grand Award for Sustainability and Social Responsibility.

Corporate Governance

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

Integrated Reporting

This Report has been prepared in conformance with the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). The Board of Directors are responsible for ensuring the accuracy and integrity of this Annual Report. We confirm, to the best of our knowledge, the credibility, reliability and integrity of the information presented, and in this regard, external assurance has also been sought from independent auditors, as applicable.

Outlook

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

Sri Lanka

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

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

Whilst global tourist arrivals may record a recovery, continued uncertainty and volatility on the macroeconomic stability of the country and resultant social unrest, further exacerbated by the ongoing fuel and power crisis, may pose challenges for the country in attracting foreign arrivals in the immediate-term. Hence, ensuring continued political and social stability coupled with clear and transparent

communication with the global community would be pivotal in attracting foreign arrivals to the country. Given ongoing discussions to strengthen Sri Lanka's fiscal position, such impacts are envisaged to diminish in the next few months as this is expected to stabilise the macroeconomy and address the social unrest. Accordingly, the impact to arrivals is envisaged to be largely managed, particularly in time for the upcoming peak season of the year.

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

Improving connectivity into the country at competitive rates, concerted marketing campaign in a post COVID-19 environment, addressing capacity constraints both in terms of airport capacity constraints and tourism infrastructure is expected to be a significant catalyst to attract tourism into Sri Lanka. It is encouraging to note that the SLTDA has conveyed that they are in the final stages in the procurement process of the integrated global promotion campaign, which is envisaged to be launched for the first time since the end of the conflict in 2009.

The Group will continue its investments to expand the 'Cinnamon' footprint across the island, although primarily in line with the Group's asset-light investment strategy. 'Cinnamon Red Kandy' is currently under development and is expected to be completed by first quarter of 2023/24. In addition to the launch of 'Cinnamon Red Kandy', the Group will also place emphasis on monetising its significant land bank, especially in the Southern and Eastern coasts, thereby strengthening its project pipeline for the segment.

Maldives

The Government of Maldives has a target of reaching 1.6 Mn tourists for CY2022. The World Bank also estimates 1.57 Mn tourist arrivals for CY2022, driven by organic growth in global tourism post adjusting for impacts from the Russia-Ukraine crisis; thereafter, it expects 1.9 Mn tourists for CY2023 on the back of increased capacity due to the completion of the Velana International Airport expansion and a rebound in Chinese arrivals. Potential downside risks include a slower recovery in tourism than envisaged, adverse oil prices, and continued pandemic related challenges.

The performance of the Maldivian Resorts segment is expected to continue on an upward trajectory, given ongoing infrastructure developments and the Government's focus on developing the tourism industry. The segment will continue to work closely with key tourist market operators to better position and market its refurbished room inventory, whilst growing direct bookings through online platforms.

Acknowledgements

In conclusion, I take this opportunity to thank my colleagues on the Board for their invaluable guidance and constant support. I also wish to convey my appreciation to our management team and staff for their untiring effort, commitment and drive. Finally, I wish to convey my sincere appreciation to all our stakeholders including our tour operator partners, guests and shareholders for their continued support.



K N J Balendra
Chairman

20 May 2022



the inspired

leadership

Governance

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BOARD OF DIRECTORS

Mr. Krishan Balendra

Appointed to the Board of John Keells Hotels PLC in 2016 as a Non-Independent Non-Executive Director.

Skills & Experience

Krishan is the Chairman of John Keells Holdings PLC (JKH). He is the Deputy Vice Chairman of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. He is a former Chairman of Nations Trust Bank PLC and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

Current Appointments

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

Past Appointments

President of the Leisure and Retail Sectors of the John Keells Group, Former Chairman of the Colombo Stock Exchange & Nations Trust Bank PLC

Shareholding

Nil

Mr. Gihan Cooray

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

Skills & Experience

Gihan holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow member of the Chartered Institute of Management Accountants, UK, a certified management accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, UK. He serves as a committee member of the Ceylon Chamber of Commerce.

Current Appointments

Deputy Chairman/Group Finance Director and has overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology function and Corporate Communications. He is the Chairman of Nations Trust Bank PLC.

Past Appointments

President Retail Sector, Head of Corporate Finance and Treasury of the John Keells Group.

Shareholding

Nil

Mr. Suresh Rajendra

Appointed to the Board of John Keells Hotels PLC in 2021 as a Non-Independent Non-Executive Director.

Skills & Experience

Suresh has over 30 years of experience in the fields of Finance, Travel & Tourism, Hotel Management, Property Development and Real Estate Management and Business Development acquired both in Sri Lanka and overseas. Prior to joining the John Keells Group, he was the Head of Commercial and Business Development for NRMA Motoring and Services in Sydney, Australia and Director/General Manager of Aitken Spence Hotel Management (Pvt) Ltd, Sri Lanka. He is a Fellow member of the Chartered Institute of Management Accountants, UK.

Current Appointments

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

Past Appointments

Prior to joining the John Keells Group, he was the Head of Commercial and Business Development for NRMA Motoring and Services in Sydney, Australia and Director/General Manager of Aitken Spence Hotel Management (Pvt) Ltd. He was the Chairman of Condominium Developers Association of Sri Lanka.

Shareholding

Nil

Mr. Mikael Svensson

Appointed to the Board of John Keells Hotels PLC in 2021 as a Non-Independent Non-Executive Director.

Skills & Experience

Mikael brings with him extensive international senior leadership experience in managing and operating large scale luxury hotels across Asia, the Middle East and Australia, of which over 20 years was with the Hyatt Group.

Current Appointments

Executive Vice President - John Keells Holdings PLC, Chief Executive Officer - Cinnamon Hotels & Resorts.

Past Appointments

Mikael was the opening General Manager of the landmark luxury hotel on the trunk of the Palm Jumeirah, the Viceroy Palm Jumeirah, Dubai and the Grand Hyatt Mumbai, India. He was also the General Manager of the Park Hyatt Canberra, Australia and Hyatt Regency Hua Hin, Thailand. Prior to joining the John Keells Group, he was the Senior Vice President of Louis T Collection, a Singapore based hospitality management and building solutions company which manages and provides services to and owns a portfolio of hotels across Asia and Australia.

Shareholding

Nil

Mr. Jayantissa Kehelpannala

Appointed to the Board of John Keells Hotels PLC in 2005 as a Non-Independent Non-Executive Director.

Skills & Experience

Jayantissa has over 38 years of experience in the Leisure Industry both in hotels and inbound tourism.

Current Appointments

Executive Vice President- John Keells Holdings PLC, Senior Vice President- Acquisitions and Development and Vice President Maldives Operations - Cinnamon Hotels & Resorts.

Past Appointments

President of The Hotels Association of Sri Lanka and the Sri Lanka Maldives Business Council and has served as a committee member of the Ceylon Chamber of Commerce. He has also served as a Director of Walkers Tours Ltd and the Sri Lanka Convention Bureau.

Shareholding

Nil

Mr. Hishan Singhawansa

Appointed to the Board of John Keells Hotels PLC in 2018 as a Non-Independent Non-Executive Director.

Skills & Experience

Hishan is the Deputy Chief Executive Officer and Chief Operating Officer at Cinnamon Hotels & Resorts, part of the Leisure industry group of John Keells Holdings PLC (JKH). He overlooks Cinnamon's entire portfolio of hotels and resorts in Sri Lanka and the Maldives including the development of the much-anticipated mixed development project Cinnamon Life Integrated Resort. He joined JKH in 2008 and started his career at the Retail sector of the group, where he headed Category Management and Supply Chain before moving into the Leisure industry group in 2017. He holds a BSc Engineering (Hons) Degree from the University of Moratuwa, Sri Lanka; and a MBA from the University of Wales.

Current Appointments

Executive Vice President - John Keells Holdings PLC, Deputy Chief Executive Officer and Chief Operating Officer for Cinnamon Hotels & Resorts.

Past Appointments

He was with the Retail sector of the group for 8 years holding positions in Category Management and heading Supply Chain.

Shareholding

Nil

BOARD OF DIRECTORS

Mr. Trevine Jayasekara

Appointed to the Board of John Keells Hotels PLC in 2013 as an Independent Non-Executive Director.

Skills & Experience

Trevine has experience in International Banking, Finance, Treasury and IT Services

Current Appointments

Director - Phoenix Ventures Pvt Ltd

Past Appointments

Non-Executive Director – Brandix Lanka Ltd
 Group Finance Director – Brandix Lanka Ltd
 Non-Executive Director – National Development Bank PLC
 Non-Executive Director – Hayleys PLC
 Non-Executive Director – Lanka Ventures Ltd
 Director – Ceylease Financial Services Ltd
 Board Member – Sri Lanka Auditing and Accounting Standards Monitoring Board
 Group Finance Director – Aitken Spence & Co. Ltd
 General Manager & Financial Controller – Deutsche Bank
 Controller – Arab Bank Limited, Bahrain
 Audit/Senior Supervisor – Coopers & Lybrand, Zambia

Shareholding

Nil

Ms. Anarkali Moonesinghe

Appointed to the Board of John Keells Hotels PLC in 2016 as an Independent Non-Executive Director.

Skills & Experience

Anarkali has over 20 years of Investment Banking experience in Europe and Asia, particularly Asian Emerging Markets.

Anarkali received a Bachelor of Arts (Hons) in Politics, Philosophy and Economics from Christchurch College, University of Oxford.

Current Appointments

Anarkali currently serves on the Board of Directors of hSenid Business Solutions PLC, WealthTrust Securities Limited, and the Lankan Angel Network.

She is also a member in the Investment Committee of the Angel Fund, the first fund launched by the Lankan Angel Network.

Past Appointments

CEO CIMB Investment Bank Sri Lanka.
 Partner- Amura Consulting, a Singapore based financial advisory services boutique which focused on small to mid-cap transactions in frontier markets including private equity, mergers & acquisitions, and financial structuring. Anarkali started her career with Merrill Lynch in Mergers & Acquisitions.

Shareholding

Nil

Dr. Kumudu Gunasekera

Appointed to the Board of John Keells Hotels PLC in 2019 as an Independent Non-Executive Director.

Skills & Experience

Dr. Gunasekera, Ph.D. is a management consultant and strategic advisor to private equity firms, public and privately held corporations, and Fortune 100 global organisations. Throughout his career he has delivered actionable insights to clients worldwide.

As a business consultant, Dr. Gunasekera specialises in delivering data-driven analysis and research for clients worldwide. A proven problem-solver, his insights and perspectives have been published in numerous peer-reviewed journals and industry magazines.

Current Appointments

Managing Director, Stax Inc.
 Co-founder, Sri Lanka@100

Past Appointments

Principal Economist, Parsons Brinckerhoff now WSP (Washington DC) Past President, American Chamber of Commerce (Sri Lanka)

Shareholding

Nil

CORPORATE GOVERNANCE

Sound governance practices enabled the Company to remain resilient yet agile in a turbulent operating environment. The Board of Directors of John Keells Hotels PLC (Company) recognises the significance of good Corporate Governance as a critical factor for the Company to achieve its long-term sustainable growth objectives, and create trust and confidence among its shareholders, investors, and other stakeholders.

BOARD GOVERNANCE HIGHLIGHTS -2021/22

- Continued to regularly review the impact and risks to the organisation arising from the COVID-19 pandemic
- Completion of the structural refurbishment of Hikka Tranz by Cinnamon
- Transparency International Sri Lanka (TISL) recognised John Keells Hotels PLC, amongst the top 25 corporates for best corporate disclosure practices. Further, the Company was considered fully transparent under organisational transparency and domestic financial reporting assessment by TISL. Aximillit asperore inturem

Highlights of the 42nd Annual General Meeting held on 25 June 2021

- Mr. T. L. F. W. Jayasekara, who retired in terms of Article 83 of the Articles of Association of the Company was re-elected as a Non-Executive Independent Director of the Company.
- Ms. A. K. Moonesinghe, who retired in terms of Article 83 of the Articles of Association of the Company, was re-elected as Non-Executive Independent Director of the Company.
- Mr. S. Rajendra, who retired in terms of Article 90 of the Articles of Association of the Company, was re-elected as a Non-Independent Non-Executive Director of the Company.
- Mr. M. R. Svensson, who retired in terms of Article 90 of the Articles of Association of the Company, was re-elected as Non-Independent Non-Executive Director of the Company.
- Messrs. Ernst & Young (E&Y) were re-appointed as the External Auditors of the Company and the Directors were authorised to determine their remuneration.

Compliance Summary

Standard / Principle / Code	Adherence
The Companies Act No.7 of 2007 (Companies Act)	Mandatory provisions - Fully Compliant
Listing Rules of the Colombo Stock Exchange (CSE)	
Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including directives and circulars	
Code of Best Practices on Related Party Transactions (2013) issued by the SEC	Voluntary provisions - Fully Compliant
Code of Best Practice on Corporate Governance (2013) jointly issued by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	
	Voluntary provisions- Compliant with the majority of the Code, to the extent of business exigency and as required by the Company and the Hotels Group

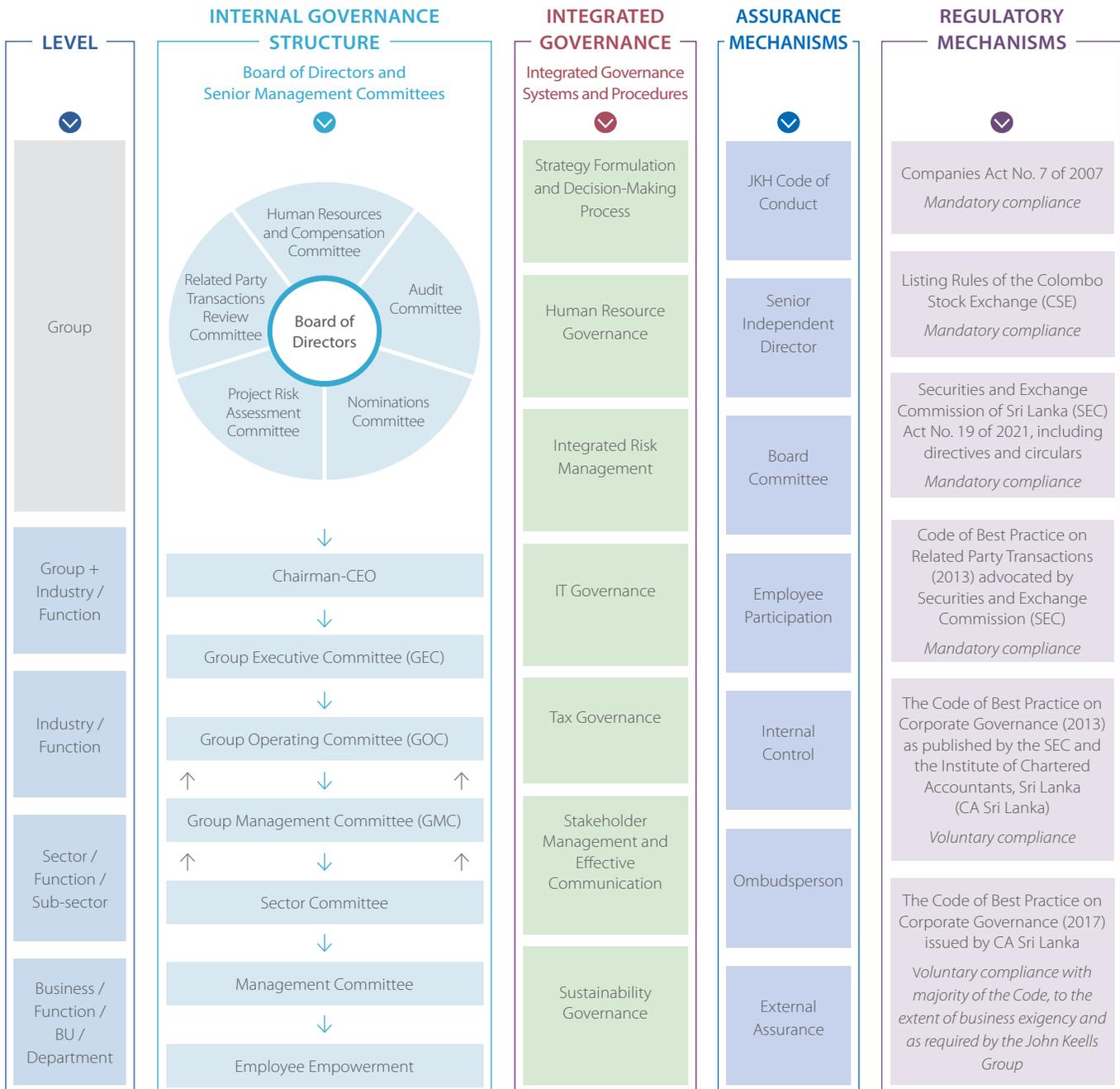
CORPORATE GOVERNANCE

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

Above policies of the John Keells Group are followed by all employees of the Company and the Hotels Group.

The Corporate Governance System

Governance structures and policies of the Company conform to those of our parent company, John Keells Holdings PLC (JKH). The diagram below depicts the governance system in place consisting of the internal governance structure, the governance systems and procedures, assurance mechanisms and the various regulatory frameworks we abide by from a governance standpoint. The framework is regularly reviewed and updated to reflect global best practices, evolving regulations, and dynamic stakeholder needs, while maintaining its foundational principles of accountability, participation, integrity and transparency.



*The Related Party Transactions Review Committee, Human Resources and Compensation Committee, Project Risk Assessment Committee and Nominations Committee of JKH will act as the sub-committees of the Company.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

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



AUDIT COMMITTEE

Assists the Board in meeting its oversight responsibilities for maintaining an effective system of internal control and risk management, ensuring compliance with legal and regulatory requirements that may have a material impact on the Company's financial statements, and for meeting its external financial reporting obligations.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

Determines Remuneration Policy and review implementation of the same, determines the remuneration of the Executives Directors of the Company in terms of the methodology set out by the Board, determined remuneration of Board and GEC members having reviewed their performance evaluations by Chairman.

NOMINATIONS COMMITTEE

Defines and establishes nomination process for Directors leads the process and makes recommendations to the Board on the appointments to the Board.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Ensures on behalf of the Board of the Company, that all related party transactions of the Company are consistent with the Code of Best Practices on Related Party Transactions issued by the SEC and with the Listing Rules of the CSE.

PROJECT RISK ASSESSMENT COMMITTEE

Evaluates and assesses risks associated with significant new investments at the initial stages of formulation and in any event prior to making any long-term contractual commitments.

CHAIRMAN

The Chairman of JKH, serves as the Chairman of the Company as well.

Roles and Responsibilities

- Provide leadership to the Board whilst inculcating good governance and ensuring effectiveness of the Board
- Ensures that, constructive working relations are maintained between the members of the Board
- Ensures that, with the assistance of the Board Secretary, that:
 - Board procedures are followed
 - Information is disseminated in a timely manner to the Board

The Board is of the view that the Chairman's other commitments do not interfere with the discharge of his responsibilities to the Company. The Board is satisfied that the Chairman allocates sufficient time to serve the Company effectively.

President – Leisure, JKH and Chief Executive Officer - Cinnamon Hotels & Resorts

While the Company does not have a Chief Executive Officer, the President – Leisure, JKH and Chief Executive Officer (CEO) - Cinnamon Hotels & Resorts, who are Non-Executive Directors of the Company, undertake the following responsibilities:

President – Leisure, JKH : Provides leadership pertaining to business portfolio decisions, strategy and planning of the hotels Group.

CEO - Cinnamon Hotels & Resorts :

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

- The efficient management of all businesses of the hotels Group
- That the operating model of the hotels Group is aligned with the short and long-term strategies of the Hotels Group
- Succession planning in respect of the senior management levels of the hotel’s Group

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

**BOARD OF DIRECTORS
Roles and Responsibilities**

In carrying out its responsibilities, the Board promotes a culture of openness, productive dialogue and constructive dissent, ensuring an environment which facilitates employee empowerment and engagement and creates value to all stakeholders. The Board’s key responsibilities include:

- Providing direction and guidance to the Company in the formulation of sustainable, high-level, medium, and long-term strategies which are aimed at promoting the long-term success of the Company.

- Tracking actual progress against plans.
- Ensuring business is conducted with due consideration on environmental, social and governance (ESG) factors.
- Reviewing HR processes with emphasis on senior management succession planning, including the diversity, equity and inclusion (DE&I) strategy.
- Ensuring operations are carried within the scope of the Enterprise Risk Management framework.
- Reviewing the performance of the President and senior management.
- Monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.
- Overseeing systems of internal control, risk management and establishing whistle-blowing conduits.

- Determining any changes to the discretions/authorities delegated from the Board to the executive levels.

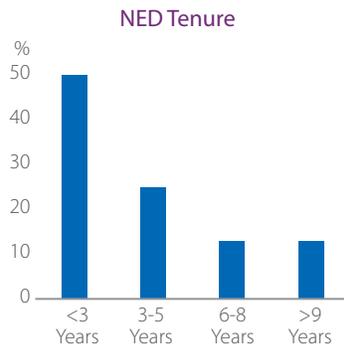
Board Composition

The Board is diverse in its skills, experience, age and tenure contributing varied perspectives to boardroom deliberations and exercising independent judgement to bear on matters set before them. Board composition is regularly reviewed to ensure adequate diversity and that the skills representation is in alignment with current and future strategic needs of the Company. Profiles of the Board members are set out on pages 26 to 28.

Each Director holds continuous responsibility to determine whether he or she has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters which are considered by the Board from time to time.

Board Composition	Diversity of Board
Independent, Non-Executive Directors 	By Gender
Non-Independent, Non-Executive Directors (including the Chairman)* 	Male 8
	Female 1
	By Age
	<40 1
	<50 4
	<60 2
	<70 2
	Skills and Experience
	Collectively, the Board brings in a wealth of diverse exposure in the fields of management, business, banking, finance, economics, marketing and human resources. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement. Further details of their qualifications and experience are provided under the Board of Directors section of the Annual Report

*Non-Independent, Non-Executive Directors are nominees of John Keells Holdings PLC (JKH), the parent of the Company



CORPORATE GOVERNANCE

Appointment, re-election and resignation

The Nominations Committee of JKH who acts as the Nomination Committee of the Company recommends the appointment of Non-Executive Independent Directors based on an assessment of the strategic demands of the company and required skills and competencies. Non-Executive Independent Directors who are appointed by the shareholders for a 3-year term, are eligible for re-appointment thereafter. Non-Executive Independent Directors have a maximum of 3 successive terms unless an extended tenure is necessitated by the exigencies of the Company at the time. Casual vacancies are filled by the Board based on the recommendations of the Nominations Committee of JKH as provided for in the Articles of Association.

As prescribed by the Articles of Association of the Company, one-third of the Directors of the Company, except, the Chairman, retires by rotation. Directors retiring by rotation are those who have been longest in office since their appointment/re-appointment. In addition, any new Director who was appointed to the Board during the year is required to stand for re-election at the next

Annual General Meeting in terms of the Articles of Association of the Company. Mr. T L F W Jayasekara will retire from the Board of Directors with effect from 22 June 2022.

The proposal for the re-election of Directors is set out in the Annual Report of the Board of Directors on of this Report.

Details of new Directors are disclosed to shareholders at the time of their appointment through a public announcement. Details of such appointments are also carried in the relevant Interim Releases and the Annual Reports. Directors are required to report any substantial change in their professional responsibilities and business associations to the Nominations Committee, which will examine the facts and circumstances and make recommendations to the Board accordingly.

Induction and training for Directors

All newly appointed Directors undergo a formal induction process which includes knowledge sharing sessions on Company values and culture, governance framework, policies and processes, JKH Group Code of

Conduct & Ethics, sector business model, strategy and Directors' responsibilities. Board members are also given insights into regulatory changes that may impact the industry at Board meetings.

Further, newly appointed Directors are granted access to relevant parts of the business and are given the opportunity to meet with key management personnel and other key third-party service providers such as External Auditors and Risk Consultants.

Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and regularly participate in industry forums and other personal development training to expand their knowledge and skills.

Board Meetings

Regularity of Meetings and Pre-Board Meetings

Board meetings are held on a quarterly basis with the flexibility to increase the number of meetings based on the requirement.. Meetings were held virtually and attendance at Board meetings held during the financial year 2021/22 is given below:

Name of Director	Status	Meeting Date				Eligibility	Attended
		13.05.2021	30.07.2021	29.10.2021	24.01.2022		
KN J Balendra	NED	✓	✓	Excused	✓	4	3
J G A Cooray	NED	✓	✓	✓	✓	4	4
J E P Kehelpannala	NED	✓	✓	✓	✓	4	4
T L F W Jayasekara	INED	✓	✓	✓	✓	4	4
A K Moonesinghe (Ms.)	INED	✓	✓	✓	✓	4	4
M H Singhawansa	NED	✓	✓	✓	✓	4	4
K A Gunasekera (Dr.)	INED	✓	✓	✓	✓	4	4
S Rajendra	NED	✓	✓	✓	✓	4	4
M R Svensson	NED	✓	✓	✓	✓	4	4

NED-Non Independent Non-Executive Director

INED-Independent Non-Executive Director

Access to information and resources

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

Board Agenda

The Chairman ensures that all Board proceedings were conducted smoothly and efficiently, approving the agenda for each meeting prepared by the Board Secretary. The typical Board agenda in 2021/22 entails confirmation of previous minutes, ratification of circular resolutions, ratification of the use of the Company seal and share certificates issued, discussion of matters arising from the previous minutes, submission of Board Sub-Committee reports, status updates of projects, review of performance, strategy formulation, approval of quarterly and annual financial statements, review of risks, sustainability and corporate social responsibility related aspects, ratification of capital expenditure, amongst others. Added emphasis was also placed on business performance in lieu of the challenges stemming from the COVID-19 pandemic and the ongoing challenging macroeconomic environment.

Board Secretary

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

All Directors have access to the advice and services of the Secretaries, as necessary. The shareholders can also contact the Company secretaries, during office hours, on 011-2306245 for any Company related information requirements. Appointment and removal of the Company Secretaries is a matter for the Board.

Time dedicated by Non-Executive Directors

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

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

Maintaining Board Independence and Managing Conflicts of Interest

Stringent nominating procedures, the use of systematic and comprehensive board evaluation processes and independent director led engagement emphasise Board independence. All Directors are experienced leaders in their respective fields and exercise independent and unfettered judgement, promoting constructive Board deliberations and objective evaluation of matters set before them.

Each Director holds a continuous responsibility to identify potential or actual conflicts of interest or biases arising from external associations, interests or personal relationships in material matters and to disclose the same to the Board.

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

CORPORATE GOVERNANCE

Prior to Appointment	Once Appointed	During Board Meetings
<ul style="list-style-type: none"> Nominee Directors are requested to make known their various interests that could potentially conflict with the interest of the Company. 	<ul style="list-style-type: none"> Directors obtain Board clearance prior to; <ul style="list-style-type: none"> Accepting a new position Engaging in any transaction that could create or potentially create a conflict of interest All NEDs are required to notify the Chairman of any changes to their current Board Representations or interests and a new declaration is made annually. 	<ul style="list-style-type: none"> Directors who have an interest in a matter under discussion; <ul style="list-style-type: none"> Excuse themselves from deliberations on the subject matter Abstain from voting on the subject matter (abstention from decisions are duly minuted)

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

Criteria for defining Independence	Status of conformity of INED
None of the INEDs are employed or has a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in JKH and/or JKH has a business connection with	complied
None of the INEDs have Shareholding carrying not less than 10 per cent of voting rights	complied
None of the INEDs is a Director of another company*	complied
None of the INEDs have Income/non-cash benefit equivalent to 20 per cent of the Director's annual income	complied
None of the INEDs have employment at JKH and/or material business relationship with JKH, currently or in the two years immediately preceding appointment as Director	complied
None of the INEDs have close family member who is a Director, CEO or a Key Management Personnel	complied
None of the INEDs have served on the Board continuously for a period exceeding nine years from the date of the first appointment	complied

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

The Related Party Transactions Review Committee of the parent, considers all transactions that require approval, in line with the Company's Related Party Transactions Policy and in compliance with the applicable rules and regulations. The related party transactions are disclosed in Note 39 to the Financial Statements. No Non-Executive Independent Director has a conflict of interest as per the criteria for independence outlined above.

The following table illustrates the total number of Board seats (excluding Group Board seats) held in other listed and unlisted companies (outside the Group) by each Director as at 31 March 2022.

Name of Director	Directorship Status	No. of Board seats held in Listed Companies		No. of Board seats held in unlisted Companies	
		Executive capacity	Non - Executive capacity	Executive capacity	Non - Executive capacity
KN J Balendra	NED	Nil	Nil	Nil	Nil
J G A Cooray	NED	Nil	Nil	Nil	Nil
J E P Kehelpannala	NED	Nil	Nil	Nil	Nil
T L F W Jayasekara	INED	Nil	Nil	1	1
A K Moonesinghe (Ms.)	INED	Nil	1	Nil	3
M H Singhawansa	NED	Nil	Nil	Nil	Nil
K A Gunasekera (Dr.)	INED	Nil	Nil	Nil	Nil
S Rajendra	NED	Nil	Nil	Nil	Nil
M R Svensson	NED	Nil	Nil	Nil	Nil

Director Remuneration

Remuneration of Independent Non-Executive is fixed. Remuneration is determined with reference to fees paid to other Independent Non-Executive Directors of comparable companies and reviewed annually. The Independent Non-Executive Directors (INEDs) are paid additional fees for either chairing or being a member of a Sub-Committee. Directors' fees applicable to NEDs nominated by JKH are paid directly to JKH and not to individuals. The aggregate remuneration paid to NEDs in FY 2021/22 is Rs. 6.48 Mn. There are no Executive Directors employed by the Company.

Board Evaluation

Board Performance evaluations are conducted annually in line with good Corporate Governance practices. The process involves each Director self-appraising the performance of the Board against identified criteria. The results are analysed to give the Board an indication of its effectiveness as well as areas that require addressing and/or strengthening.

The Board conducted its annual Board performance appraisal for the financial year 2021/22 and accordingly the Board is seen as effective in discharging its role and responsibilities.



CORPORATE GOVERNANCE

BOARD SUB-COMMITTEES

The Board has delegated certain functions to five Board Sub-Committees, while retaining final decision rights. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. As permitted by the listing rules of the CSE, the Human Resources and Compensation Committee and Related Party Transactions Review Committee of the parent company, JKH functions as the Human Resources and Compensation Committee and Related Party Transactions Review Committee of the

Company. Additionally, the Project Risk Assessment Committee and Nominations Committee of JKH also functions as the Project Risk Assessment Committee and Nominations Committee of the Company.

Board Sub-Committees

Human Resources and Compensation Committee	John Keells Holdings PLC (Holding Company)
Nominations Committee	
Related Party Transactions Review Committee	
Project Risk Assessment Committee	
Audit Committee	John Keells Hotels PLC

The Board Sub-Committees comprise predominantly of Independent Non-Executive Directors. The membership of the five Board Sub-Committees is as follows;

	Audit Committee	Human Resources and Compensation Committee (JKH)	Nominations Committee (JKH)	Related Party Transactions Review Committee (JKH)	Project Risk Assessment Committee (JKH)
Non-Independent, Non-Executive					
K N J Balendra - Chairman-CEO			Committee Member		Committee Member
J G A Cooray - Deputy Chairman /Group Finance Director					Committee Member
Senior Independent, Non-Executive					
A N Fonseka - JKH				Committee Member	
Independent Non-Executive					
T L F W Jayasekara	Committee Chair				
K A Gunasekera (Dr.)	Committee Member				
A K Moonesinghe (Ms.)	Committee Member				
D A Cabraal - JKH		Committee Chair		Committee Member	
M A Omar - JKH		Committee Member	Committee Chair		
S S H Wijayasuriya (Dr) - JKH		Committee Member	Committee Member		Committee Chair
M P Perera (Ms.) - JKH			Committee Member	Committee Chair	Committee Member

Audit Committee (John Keells Hotels PLC)

Composition	Scope																														
<ul style="list-style-type: none"> All members to be NEDs, a majority of whom should be independent. The Chairman or one member of the committee should be a Member of a recognised professional accounting body The Vice President, Finance- Cinnamon Hotels & Resorts is the Secretary of the Committee. 	<ul style="list-style-type: none"> Review the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations. Assess the adequacy and effectiveness of the internal control environment in the Company and ensure appropriate action is taken on the recommendation of the internal auditors. Evaluate the competence and effectiveness of the risk management systems of the Company and ensure the robustness and effectiveness in monitoring and controlling risks. Review the adequacy and effectiveness of the internal audit arrangements. Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence. 																														
<table border="1"> <thead> <tr> <th colspan="3">Meeting Attendance</th> </tr> <tr> <th></th> <th>Eligibility to Attend</th> <th>Attended</th> </tr> </thead> <tbody> <tr> <td>T L F W Jayasekara - Chairman</td> <td>4</td> <td>4</td> </tr> <tr> <td>K A Gunasekera (Dr.)</td> <td>4</td> <td>4</td> </tr> <tr> <td>A K Moonesinghe (Ms.)</td> <td>4</td> <td>4</td> </tr> <tr> <td>By Invitation</td> <td></td> <td></td> </tr> <tr> <td>C L P Gunawardane - CFO*</td> <td>4</td> <td>4</td> </tr> <tr> <td>M R Svensson - CEO Cinnamon Hotels & Resorts*</td> <td>4</td> <td>3</td> </tr> <tr> <td>J E P Kehelpannala</td> <td>4</td> <td>4</td> </tr> <tr> <td>M H Singhawansa</td> <td>4</td> <td>4</td> </tr> </tbody> </table>		Meeting Attendance				Eligibility to Attend	Attended	T L F W Jayasekara - Chairman	4	4	K A Gunasekera (Dr.)	4	4	A K Moonesinghe (Ms.)	4	4	By Invitation			C L P Gunawardane - CFO*	4	4	M R Svensson - CEO Cinnamon Hotels & Resorts*	4	3	J E P Kehelpannala	4	4	M H Singhawansa	4	4
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J E P Kehelpannala	4	4																													
M H Singhawansa	4	4																													
*permanent invitees at all Committee meetings																															

Refer page 63 for the Audit Committee Report

Human Resources and Compensation Committee (JKH)

Composition	Scope																								
<ul style="list-style-type: none"> Committee to comprise exclusively of NEDs, a majority of whom shall be independent. The Chairman of the Committee must be a NED. The Chairman-CEO of JKH and Deputy Chairman/Group Finance Director of JKH are invited to at all Committee meetings unless their respective remuneration is under discussion The Deputy Chairman/Group Finance Director is the Secretary of the Committee. 	<ul style="list-style-type: none"> Review and recommend the overall remuneration philosophy, strategy, policies and practice and, performance-based pay plans for the Company Determine and agree with the Board a framework for remuneration of Chairman, Deputy Chairman of JKH and the Executive Directors of the John Keells Group of Companies based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration Succession planning of Key Management Personnel 																								
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Meeting Attendance																									
	Eligibility to Attend	Attended																							
D A Cabraal - Chairman	2	2																							
M A Omar	2	2																							
S S H Wijayasuriya (Dr.)	2	2																							
By Invitation																									
K N J Balendra	2	2																							
J G A Cooray	2	2																							
*Determining compensation of Non-Executive Directors will not be under the scope of this Committee																									

Refer page 65 for the Human Resources and Compensation Committee Report.

CORPORATE GOVERNANCE

Nominations Committee (JKH)

Composition	Scope																		
<ul style="list-style-type: none"> Majority of the members shall be NEDs together with the Chairman-CEO The Chairman shall be an Independent NED. The Secretary to the JKH Board is the Secretary of the Committee. 	<ol style="list-style-type: none"> Assess skills required on the Board given the needs of the businesses From time to time assess the extent to which required skills are represented on Board Prepare a clear description of the role and capabilities required for appointment Identify and recommend suitable candidates for appointments to the Board. Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment specifying clearly, the expectation in terms of time commitment, involvement outside of the formal Board meetings, participation in Committees, amongst others. Ensure that every appointee undergoes an induction to the Group The appointment of the Chairperson and Executive Directors, as relevant, is a collective decision of the Board. 																		
<table border="1"> <thead> <tr> <th colspan="3">Meeting Attendance</th> </tr> <tr> <th></th> <th>Eligibility to Attend</th> <th>Attended</th> </tr> </thead> <tbody> <tr> <td>M A Omar - Chairman</td> <td>3</td> <td>3</td> </tr> <tr> <td>M P Perera (Ms.)</td> <td>3</td> <td>3</td> </tr> <tr> <td>S S H Wijayasuriya (Dr.)</td> <td>3</td> <td>3</td> </tr> <tr> <td>K N J Balendra</td> <td>3</td> <td>3</td> </tr> </tbody> </table>		Meeting Attendance				Eligibility to Attend	Attended	M A Omar - Chairman	3	3	M P Perera (Ms.)	3	3	S S H Wijayasuriya (Dr.)	3	3	K N J Balendra	3	3
Meeting Attendance																			
	Eligibility to Attend	Attended																	
M A Omar - Chairman	3	3																	
M P Perera (Ms.)	3	3																	
S S H Wijayasuriya (Dr.)	3	3																	
K N J Balendra	3	3																	

Refer page 66 for the Nominations Committee Report.

Related Party Transactions Review Committee (JKH)

Composition	Scope																								
<ul style="list-style-type: none"> Chairman should be an Independent Non-Executive Director. Committee comprise a combination of NEDs, Independent NEDs and may also include at least one Executive Director. The composition may include Executive Directors at the option of the Listed Entity. 	<ol style="list-style-type: none"> The Group has broadened the scope of the Committee to include senior decision makers in the list of key management personnel, whose transactions with Group companies also get reviewed by the Committee, in addition to the requirements of the CSE. Develop and recommend for adoption by the Board of Directors of JKH and its listed subsidiaries, a Related Party Transaction Policy which is consistent with the Operating Model and the Delegated Decision Rights of the Group. Update the Board of Directors of the parent Company on the related party transactions of each of the listed companies of the Group on a quarterly basis. Define and establish the threshold values for each of the subject listed companies in setting a benchmark for related party transactions, related party transactions which have to be pre-approved by the Board, related party transactions which require to be reviewed annually and similar issues relating to listed companies. 																								
<table border="1"> <thead> <tr> <th colspan="3">Meeting Attendance</th> </tr> <tr> <th></th> <th>Eligibility to Attend</th> <th>Attended</th> </tr> </thead> <tbody> <tr> <td>M P Perera (Ms.) - Chairperson</td> <td>4</td> <td>4</td> </tr> <tr> <td>A N Fonseka</td> <td>4</td> <td>4</td> </tr> <tr> <td>D A Cabraal</td> <td>4</td> <td>4</td> </tr> <tr> <td>By Invitation</td> <td></td> <td></td> </tr> <tr> <td>K N J Balendra</td> <td>4</td> <td>4</td> </tr> <tr> <td>J G A Cooray</td> <td>4</td> <td>4</td> </tr> </tbody> </table>		Meeting Attendance				Eligibility to Attend	Attended	M P Perera (Ms.) - Chairperson	4	4	A N Fonseka	4	4	D A Cabraal	4	4	By Invitation			K N J Balendra	4	4	J G A Cooray	4	4
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D A Cabraal	4	4																							
By Invitation																									
K N J Balendra	4	4																							
J G A Cooray	4	4																							

Refer page 67 for the Related Party Transactions Review Committee Report.

Project Risk Assessment Committee (JKH)

Composition			Scope
<ul style="list-style-type: none"> Should comprise of a minimum four Directors. Must include the Chairman-CEO and Group Finance Director of JKH. Must include two Non-Executive Directors. The Chairman must be a Non-Executive Director. 			<ul style="list-style-type: none"> i. Review and assess risks associated with large-scale investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. ii. Ensure stakeholder interests are aligned, as applicable, in making investment decisions. iii. Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director. iv. Recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation.
Meeting Attendance			
	Eligibility to Attend	Attended	
S S H Wijayasuriya (Dr.) - Chairman	1	1	
K N J Balendra	1	1	
J G A Cooray	1	1	
M P Perera (Ms.)	1	1	
<p>The Committee shall convene only when there is a need to transact in business as per the terms of its mandate.</p>			
<p>The Project Risk Assessment Committee was established to further augment the John Keells Group's Investment Evaluation Framework. The committee provides the Board of John Keells Holdings PLC (JKH) with enhanced illumination of risk perspectives with respect to large-scale new investments and assess the potential impact of risks associated with such investments. Investments which are referred to the committee are those which exceed a Board-agreed threshold in terms of quantum of investment and/or potential impact to the John Keells Group. Accordingly, the committee provides early-stage recommendations to the Board with regard to the extent of risk and adequacy of mitigation strategies.</p> <p>Whilst the sub-committee convened once during the year under review to discuss other investments of the John Keells Group, no meetings were convened in relation to investments made by John Keells Hotels PLC.</p> <p>Given the impact of the pandemic on Group businesses and the challenging macroeconomic uncertainties and volatilities during the latter part of the year, the JKH Board held frequent discussions affording the opportunity for matters pertaining to Group investments and risk assessments to be deliberated by all Board members.</p>			

INTEGRATED GOVERNANCE SYSTEMS AND PROCEDURES

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

- a. Strategy formulation and decision-making process
- b. Human resource governance
- c. Integrated risk management
- d. IT governance
- e. Tax governance

- f. Stakeholder management and effective communications
- g. Sustainability governance

a. Strategy formulation and decision-making processes
Strategy Mapping

Strategy mapping exercises, concentrating on the short, medium and long-term aspirations of each business, are conducted annually and reviewed, at a minimum, quarterly/half-yearly or as and when a situation so demands.

This exercise entails the following key aspects, among others.

- 1. Progress and deviation report of the strategies formed.

- 2. Competitor analysis and competitive positioning.
- 3. Analysis of key risks and opportunities.
- 4. Management of stakeholders such as suppliers and customers.
- 5. Value enhancement through initiatives centred on the various forms of Capital under an integrated reporting framework.

The strategies of the various business units, operating in diverse industries and markets, will always revolve around the JKH group strategy, while considering their domain specific factors. The prime focus always is to enhance value for all stakeholders.

CORPORATE GOVERNANCE

Medium-term Strategy

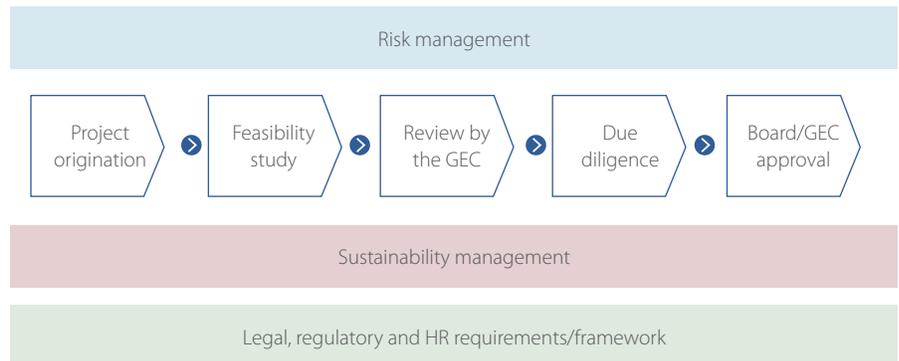
The ensuing section illustrates the comprehensive process followed by each business in developing the business's strategy for the medium term.



Project Approval Process

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

The JKH project appraisal framework flow is illustrated below:



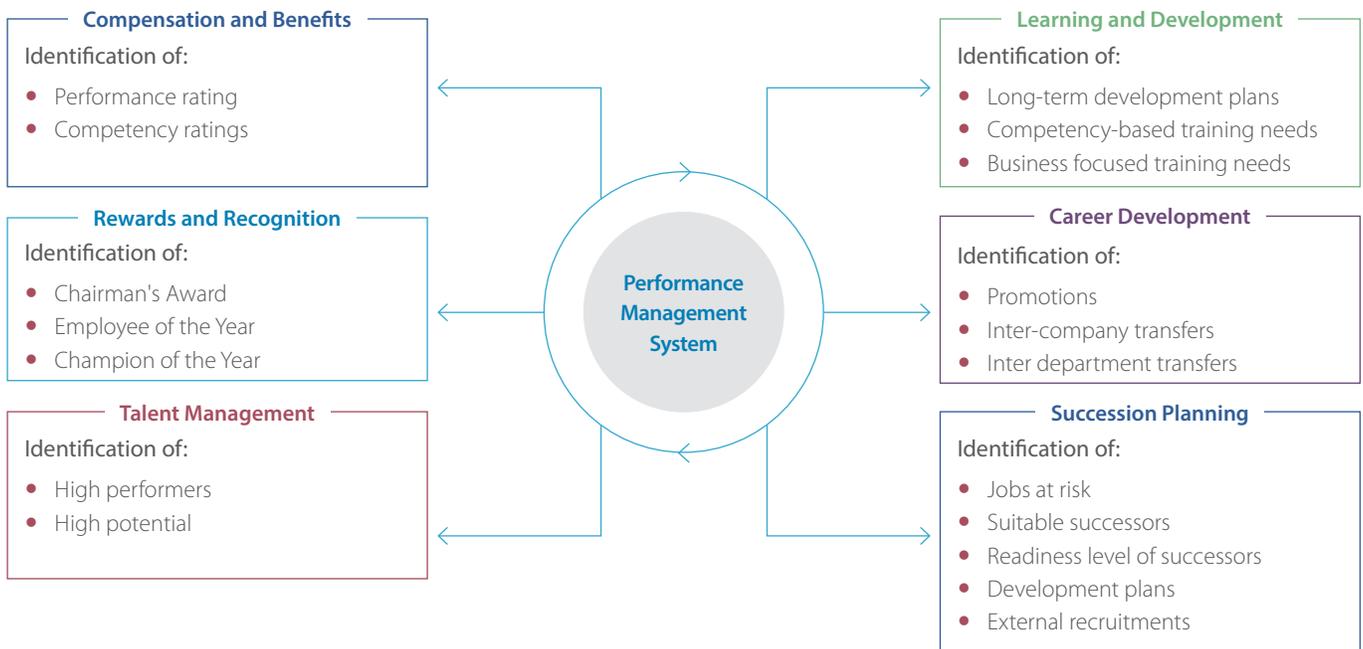
b. Human Resource Governance

The JKH human resource governance framework is designed in a manner that enables high accessibility by any employee to every level of management. Constant dialogue and facilitation are also maintained ranging from work related issues to matters pertaining to general interest that could affect employees and their families. The Company follows an open-door policy for its employees and this is promoted at all levels of the Company.

The Human Resource Information System (HRIS) manages the entire lifecycle of the employee from onboarding to performance management, succession planning, compensation, learning and development, through to offboarding.

Performance Management

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



CORPORATE GOVERNANCE

Performance based Compensation Policy

The JKH Group Compensation Policy is as follows:

PERFORMANCE MANAGEMENT

'Pay for performance'

Greater prominence is given to the incentive component of the total target compensation.

SATISFACTION

'More than just a workplace'

Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

Compensation Policy

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

INTERNAL EQUITY

- Remuneration policy is built upon the premise of ensuring equal pay for equal roles.
- Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs.

EXTERNAL EQUITY

- Fixed compensation is set at competitive levels using the median, 65th percentile and 75th percentile of the best comparator set of companies (from Sri Lanka and the region, as relevant) as a guide.
- Regular surveys are done to ensure that employees are not under / over compensated.

Employee Share Option Plan

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

c. Integrated Risk Management

The Board has oversight responsibility for risk management and has set in place a robust risk management framework of controls, systems and processes, as detailed under Risk Management report on page 93. The Hotels Group has increased the rigour of monitoring and management of risk, as the environment continues to be uncertain and challenging.

d. Information Technology (IT) Governance

IT governance stewardship roles are governed through layered and nested committees, cascading from the GEC to the Group IT Steering

Committee to the Group IT Operation Committee with well-defined roles and responsibilities at a Group, industry group as well as business unit level.

The IT governance framework used within the JKH Group leverages best practice and industry leading models such as CoBIT (Control Objectives for Information and Related Technology), ISO 35800, ISO27001, ISO 9001:2015, COSO (Committee of Sponsoring Organisations of the Treadway Commission)/BCP (Business Continuity Planning), ITIL (Information Technology Infrastructure Library), NIST (National Institute of Standards and Technology) in providing a best of breed framework for IT governance, risk and compliance management.

Digital Oversight and Cyber Security

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

Risk Management and Audit Committee meetings and periodically discussed at a Board level.

Data Protection, Information Management and Adoption

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

e. Tax Governance

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

Governance Structure

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

Policy and Strategy

Ensure:

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

Role

1. Implement and maintain strong compliance processes.
2. Analyse and disseminate business impact from change in tax legislation.
3. Provide clear, timely, and relevant business focused advice across all aspects of tax.
4. Ensure availability of strong and well documented technical support for all tax positions.

5. Obtain independent/external opinions where the law is unclear or subject to interpretation.

Review and Monitoring

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

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

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

f. Stakeholder management and effective communications

Communication with Shareholders

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

CORPORATE GOVERNANCE

assessment of the Company's financial position, performance and prospects and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided so as not to create a false market.

Shareholders may also, at any time, direct queries and concerns to Directors or Management of the Company through the Company Secretaries - Keells Consultants (Pvt) Ltd, The Company Secretaries maintain a record of all correspondence received and keeps the Board apprised of issues raised by the shareholders to ensure that they are addressed in an appropriate manner. Matters raised in writing are responded to in writing directly by the Company Secretaries, as relevant.

Release of Information to the Public and CSE

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

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

Constructive use of the Annual General Meeting (AGM)

The AGM is the main mechanism for the Board to interact with and account to Shareholders and affords an opportunity

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

All Shareholders are encouraged to participate at the AGM and exercise their voting rights. Notice of the AGM, the Annual Report and Financial Statements and any other resolutions to be taken up at the AGM together with the corresponding information, are circulated to Shareholders not later than 15 working days prior to the AGM. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution

Serious Loss of Capital

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

g. Sustainability Governance

The Company places significant emphasis on sustainable development and value creation. The JKH Group's Sustainability Management Framework ensures specific policies and procedures are established for social and environmental governance in each business unit, ensuring an agreed level

of compliance within the Group. As such, sustainability principles are embedded in the Company business strategy and endorsed throughout its operations. Activities undertaken in recognition of its responsibility as a corporate citizen are presented in the Integrated Annual Report as follows;

- **Financial Capital**
page 90 of this report
- **Natural Capital**
Protecting our Planet on page 37 of the supplementary sustainability report
- **Intellectual Capital**
Differentiating our value on page 32 of the supplementary sustainability report
- **Human Capital**
Enhancing Employee Experiences on page 12 of the supplementary sustainability report.
- **Social and Relationship Capital**
Reinforcing our Relationships on page 27 of the supplementary sustainability report
- **Manufactured Capital**
Redefining our spaces on page 10 of the supplementary sustainability report
- **Sustainable Development Goals and Impacts**
page 08 of the supplementary sustainability report.

Human Rights

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

Anti-Corruption

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

JKH places the highest value on ethical practices and has promulgated a zero-tolerance policy towards corruption and bribery in all its transactions. JKH strives to maintain a culture of honesty and opposition to fraud and corruption. Based on this commitment, the Code of Conduct, anti-fraud, fraud prevention, anti-corruption, anti-bribery, validation and audit policies of JKH outline the principles to which we are committed in relation to preventing, reporting and managing fraud and corruption. It covers inter alia, theft, embezzlement, overriding controls, giving or receiving kickbacks, bribery, allowing oneself to be placed in situations of conflict of interest and statements (financial or non-financial) dishonestly and recklessly made contrary to the factual position. The Company also has a process to ensure compliance with the laws and regulations of the countries it operates in, including anti-corruption and anti-bribery laws.

JKH seeks to ensure that ethical business practices are the norm from the business unit level, down to the individual employee. Its transparent control and prevention mechanisms also extend to its value chain,

to its customers, suppliers and business partners. At the employee level, every employee and director is required to comply with Company policies, including the Code of Conduct. The Company Leadership spearheads the implementation of the Code.

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

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

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

The DE&I policy is based on the key principles of:

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

Policies

- Policies on forced, compulsory and child labour and child protection – JKH employs stringent checks during its recruitment process to ensure that its minimum age requirements are met and ensures that all employees are educated on key aspects of forced and compulsory labour.
- Policies on equal opportunities, non-discrimination, career management and promotions – JKH remains committed to maintaining a workplace that is free from discrimination and is committed to hiring, developing and promoting individuals who best meet the requirements of available positions.
- Gender policy – JKH is committed to striving for gender equity through empowerment & inclusion, equal opportunity and equal participation.
- Policy against sexual harassment – A zero tolerance for physical, verbal or non-verbal harassment based on gender, race, religion, nationality, age, social origin, disability, sexual orientation, gender identity, political affiliations or opinion is in place.
- HIV & AIDS workplace policy – JKH does not discriminate in the workplace against employees on the basis of real or perceived HIV status.
- Policies on anti-fraud, anti-corruption and anti-money laundering and countering the financing of terrorism – All functions are required to include and analyse the risk of corruption as a part of their risk management process.
- Supplier Code of Conduct – All significant suppliers of JKH shall be in compliance with applicable laws and regulations with regard to labour, human rights, environment and ethical business practices.

CORPORATE GOVERNANCE

ASSURANCE MECHANISMS

JKH Group Code of Conduct

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

Code of Conduct

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

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

- anti-bribery controls to prevent payments and contributions being made with the aim of obtaining an improper business benefit from any party including, but not limited to, clients, service providers, customers, business associates and political parties; and
- controls on gifting and favours. Accepting gifts or favours in whatsoever form, including from clients, service providers, customers, business associates and political parties, is prohibited if it was possible on the part of a “reasonable person” to conclude that the acceptance of such gifts or favours could directly or indirectly affect one's independence in decision making and conduct as an employee and/or if it could be seen by others as a consideration for an official or business favour

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

Employee Participation in Assurance

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

Employee Communication Channels

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

Internal Controls

The Board has taken necessary steps to ensure the integrity of the Company's accounting and financial reporting systems and that internal control systems remain robust and effective via the review and monitoring of such systems on a periodic basis.

Ombudsperson & Grievance Mechanisms

An Ombudsperson is available to report any complaints from employees of alleged violations of the published Code of Conduct if the complainant feels that the alleged violation has not been addressed satisfactorily by the internally available mechanisms.

The findings and the recommendations of the Ombudsperson, subsequent to an independent inquiry, is confidentially communicated to the Chairman or to the Senior Independent Director of JKH upon which the involvement duty of the Ombudsperson ceases.

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

- a. the decision and the recommendations;
- b. action taken based on the recommendations;
- c. where the Chairman or the Senior Independent Director disagrees with any or all of the findings and or the recommendations thereon, the areas of disagreement and the reasons therefore.

In situation (c.) the Board is required to consider the areas of disagreement and decide on the way forward. The Chairman

or the Senior Independent Director is expected to take such steps as are necessary to ensure that the complainant is not victimised, in any manner, for having invoked this process.

Whistle-blower Policy

Independence of the Group's whistle-blower channels was maintained by the appointment of a new Ombudsperson effective 1 December 2020. This individual is an attorney-at-law by profession

Internal Audit

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

External Audit

The External Auditor is appointed subject to the provisions of the Companies Act. The Audit Committee makes recommendations to the Board for the appointment, re-appointment or removal of the External

Auditor in-line with professional and ethical standards and regulatory requirements. It monitors and reviews the External Auditor's independence, objectivity and effectiveness of the audit process considering relevant professional and regulatory requirements.

In assignment of non-audit services to External Auditors, the Audit Committee ensures the External Auditor has the necessary skills and experience for the assignment and ascertains that independence and objectivity in carrying out his duties and responsibilities will not be impaired.

On the recommendation of the Board, the shareholders approved the reappointment of Messrs. Ernst & Young as the External Auditor for 2021/22 at the last AGM.

Compliance

The Directors are conscious of their duty to comply with the laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business of the Hotels Group. The Board receives Compliance Statements from the President – Leisure confirming compliance with regulatory requirements each quarter in accordance with its commitment to regulatory compliance. The Hotels Group is compliant with all relevant legal and statutory requirements. Any litigations currently pending if any, have been disclosed under the Annual Report of the Board of Directors on page 106 of this report.

CORPORATE GOVERNANCE

Appendix I- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Complied	Reference (within the Report)
(i) Names of persons who during the financial year were Directors of the Entity	Yes	Board of Directors
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis
(iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR or any other class of shares denominated in foreign currency and the percentage of such shares held	Yes	Investor Information
(iv) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	
(v) A statement of each director's holding in each class of shares of the Entity denominated in LKR and in Foreign Currency (as applicable)	Yes	Annual Report of Board of Directors'
(vi) Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management
(vii) Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Enriching Employee Experiences (HR Report)
(viii) Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Note 19 - to the Financial Statements
(ix) Number of shares representing the Entity's stated capital	Yes	Investor Information
(x) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	
(xi) Financial ratios and market price information	Yes	Investor Information and Decade at a Glance
(xii) Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Note 19 to the Financial Statements
(xiii) If during the financial year the Entity has raised funds either through a public issue, rights issue or private placement: a. a statement as to the manner in which the proceeds of such issue has been utilised b. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and c. any material change in the use of funds raised through an issue of Securities	Yes	Investor Information
(xiv) Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	
(xv) Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance Report
(xvi) Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Note 39 to the Financial Statements

Appendix II - Statement of Compliance under Section 7.10 of the Listing Rules of the CSE on Corporate Governance

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
7.10 Compliance				
7.10 (a – c)	Compliance	The Company is in compliance with the Corporate Governance Rules and any deviations are explained where applicable	Yes	Corporate Governance
7.10.1 Non-Executive Directors (NED)				
7.10.1(a-c)	Non-Executive Directors (NED)	At least 2 or 1/3 of the total number of Directors on the Board whichever is higher should be NEDs	Yes	Board Composition
7.10.2 Independent Directors				
7.10.2(a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	Yes	Board Composition
7.10.2(b)	Independent Directors (ID)	Each NED should submit a signed and dated declaration of his/her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and the 3 Independent NEDs have submitted signed confirmation of their independence.
7.10.3 Disclosures relating to Directors				
7.10.3(a,b)	Disclosure relating to Directors	<ul style="list-style-type: none"> The Board shall annually determine the independence or otherwise of the NEDs, and Names of each IDs should be disclosed in the Annual Report (AR) 	Yes	Maintaining Board Independence and Managing Conflicts of Interest and Board Profiles
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	Yes	Board of Directors
7.10.3(d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE	Yes	Board of Directors
7.10.4 Criteria for defining independence				
7.10.4 (a-h)	Criteria for defining Independence	Requirements for meeting criteria to be an Independent Director	Yes	Maintaining Board Independence and Managing Conflicts of Interest

CORPORATE GOVERNANCE

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
7.10.5 Remuneration Committee				
7.10.5	Remuneration Committee (RC)	The Human Resources and Compensation Committee (equivalent of the RC with a wider scope) of the listed parent company may function as the RC	Yes	Committees - The Human Resources and Compensation Committee (HRCC) (equivalent to the RC with a wider scope) of the listed Parent Company, JKH functions as the RC
7.10.5(a)	Composition of Remuneration Committee	RC Shall comprise of NEDs, a majority of whom will be independent One NED shall be appointed as Chairman of the committee by the Board of Directors	Yes	Board Sub-Committees -HRCC
7.10.5.(b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of Executive Directors	Yes	Board Sub-Committees -HRCC
7.10.5.(c)	Disclosure in the Annual Report relating to Remuneration Committee	<ul style="list-style-type: none"> • Names of Directors comprising the RC • Statement of Remuneration Policy • Aggregated remuneration paid to Executive and Non-Executive Directors Should be included in the Annual Report 	Yes	Board Sub-Committees -HRCC Note 16 to the Financial Statements
7.10.6 Audit Committee				
7.10.6	Audit Committee (AC)	The Company shall have an AC	Yes	Audit Committee Report
7.10.6(a)	Composition of Audit Committee	<ul style="list-style-type: none"> • AC shall comprise of 2 INEDs or of NEDs a majority of whom will be Independent whichever is higher. • A NED shall be appointed as the Chairman of the Committee • Chief Executive Officer (CEO)and Chief Financial Officer (CFO) should attend AC meetings * an explanation will be given in the Audit Committee Report • The Chairman of the AC or one member should be a member of a professional accounting body 	Yes	Audit Committee Report

Rule No.	Subject	Requirement	Complied	Action / Reference (within the Report)
7.10.6(b)	Audit Committee Functions	Overseeing of the – <ul style="list-style-type: none"> Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards (SLFRS/LKAS) Assessment of the independence and performance of the External Auditors Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the external auditor 	Yes	Audit Committee Report
7.10.6(c)	Disclosure in Annual Report relating to Audit Committee	The Annual Report shall contain <ul style="list-style-type: none"> Names of Directors comprising the AC The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination Report of the AC setting out the manner of compliance with their functions during the financial year 	Yes	Audit Committee Report

Appendix III - Statement of Compliance under Section 9.3.2 of the Listing Rules of the CSE on Corporate Governance

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)
(a)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Report of the Related Party Transactions Review Committee
(b)	Details pertaining to Recurrent Related Party Transactions (RPT)	Yes	Note 39 to the Financial Statements
(c)	Report of the Related Party Transactions Review Committee	Yes	Report of the Related Party Transactions Review Committee
(d)	Declaration by the Board of Directors in the Annual Report as an affirmative statement of compliance with the rules pertaining to RPT, or a negative statement otherwise	Yes	Annual Report of the Board of Directors

CORPORATE GOVERNANCE

Appendix IV: Statement of Compliance pertaining to Companies Act No. 7 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)
168 (1) (a)	The nature of the business of the Company or of its subsidiaries or classes of business in which it has an interest together with any change thereof	Yes	About Us
168 (1) (b)	Signed financial statements of the Group in accordance with section 152 and signed financial statements of the Company in accordance with section 151.	Yes	Financial Statements
168 (1) (c)	Appointed Auditors' Report on financial statements of the Company and any Group Financial Statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes during the accounting period	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Yes	Note 16 to the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Note 16 to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Group Directory
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 16 to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Report of the Audit Committee/ Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/ Annual Report of the Board of Directors

Statement of Compliance with applicable Codes of Best Practice – Voluntary Compliance

The Company is also compliant with the Code of Best Practices on Related Party Transactions (2013) advocated by the SEC (mandatory), the Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka (voluntary) and almost all the provisions of the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka to the extent of business exigency and as required by the Company.

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

Compliant ✓ Non Compliant ✘

Code Ref.	Subject	Applicable Requirement Status	Compliance
A. Directors			
A.1 The Board			
A.1	The Board	Company to be headed by an effective Board to direct and control the Company	✓
A.1.1	Frequency of Board Meetings	Board should meet regularly, at least once in every quarter of a financial year, in order to effectively execute board's responsibilities, while providing information to the board on a structured and regular basis.	✓
A.1.2	Responsibilities of the Board	<p>The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board should be responsible for matters including:</p> <ul style="list-style-type: none"> • ensuring the formulation and implementation of a sound business strategy; • ensuring that the management team possess the skills, experience and knowledge to implement the strategy; • ensuring the adoption of an effective Key Management Personnel succession strategy; • ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management; • ensuring compliance with laws, regulations and ethical standards; ensuring all stakeholder interests are considered in corporate decisions; • recognising sustainable business development in Corporate Strategy, decisions and activities; • ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations; <p>and</p> <ul style="list-style-type: none"> • fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned. 	✓
A.1.3	Act in accordance with laws of the Country and access to professional advice	Procedure to obtain independent professional advice when deemed necessary at the Company's expense	✓
A.1.4	Access to advise and services of the Company Secretary	Ensure adherence to Board procedures and applicable rules and regulations	✓

CORPORATE GOVERNANCE

Code Ref.	Subject	Applicable Requirement Status	Compliance
A.1.5	Independent Judgement	Directors should exercise independent judgement on issues of strategy, resources, performance (including key appointments) and standards of business judgement	✓
A.1.6	Dedication of adequate time and effort by Directors	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.	✓
A.1.7	Board induction and training for Directors	Directors should receive appropriate induction, training, hone skills and expand knowledge to more effectively perform duties	✓
A.2 Chairman and Chief Executive Officer			
A.2.1	Justification for combining the roles of the Chairman and the CEO	A balance of power and authority to be maintained by separating responsibility for conducting Board business from that of executive decision making	N/A
A.3 Chairman's Role			
A.3.1	Ensure good corporate governance	<p>Chairman to preserve order and facilitate effective discharge of Board functions by proper conduct of Board proceedings and meetings including ensuring:</p> <p>The effective participation of both EDS and NEDS;</p> <ul style="list-style-type: none"> • all Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company; • a balance of power between EDs and NEDs is maintained; • the views of Directors on issues under consideration are ascertained; and • the Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders. 	✓
A.4 Financial Acumen			
A.4.1	Possession of adequate financial acumen	Board to ensure adequacy of financial acumen and knowledge within the Board	✓
A.5 Board Balance			
A.5.1	Composition of Board	The Board should include a sufficient number of NEDs	✓
A.5.2	Proportion of Independent Directors	Two or one-third of the NEDs should be independent	✓
A.5.3	Definition of Independence	Independent Directors should be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement	✓
A.5.4	Declaration of Independence	NEDs should submit a signed and dated declaration of their independence/ non-independence annually	✓

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

CORPORATE GOVERNANCE

Code Ref.	Subject	Applicable Requirement Status	Compliance
A.8 Re-election			
A.8.1	Appointment of Non-Executive Directors	Appointment of NEDs should be for specified terms and re-election should not be automatic	✓
A.8.2	Shareholders' approval of appointment of all Directors	The appointment of all Directors should be subject to election by Shareholders at the first opportunity after such appointment	✓
A.9 Appraisal of Board Performance			
A.9.1	Annual appraisal of Board performance	The Board should annually appraise how effectively it has discharged its key responsibilities	✓
A.9.2	Self evaluation of Board and Board Committee	The Board should evaluate its performance and that of its committees annually	✓
A.9.3	Declaration of basis of performance evaluation	The Board should disclose how performance evaluations have been carried out in the Annual Report.	✓
A.10 Disclosure of Information in respect of Directors			
A.10.1	Biographical Profiles and relevant details of Directors to be disclosed	Annual Report should disclose the biographical details of Directors and attendance at Board/ Sub-Committee meetings	✓
A.11 Appraisal of the CEO			
A.11.1	Short, medium and long term, financial and non-financial objectives to be set	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the CEO during the year.	N/A
A.11.2	Evaluation of CEO performance	The performance of the CEO should be evaluated by the Board at the end of the year	N/A
B. Directors Remuneration			
B.1 Remuneration Procedure			
B.1.1	Appointment of Remuneration Committee	The Board of Directors should set up a Remuneration Committee to make	✓
B.1.2	Composition of Remuneration Committee	Remuneration Committee should consist of NEDs	✓
B.1.3	Disclosure of members of Remuneration Committee	The Annual Report should disclose the Chairman and Directors who serve on the Remuneration Committee	✓
B.1.4	Remuneration of Non-Executive Directors	Board to determine the level of remuneration of NEDs	✓

Code Ref.	Subject	Applicable Requirement Status	Compliance
B.1.5	Consult Chairman and/or CEO on proposals on remuneration	Remuneration Committee should consult the Chairman about its proposals relating to the remuneration of other Executive Directors and should have access to professional advice in order to determine appropriate remuneration for Executive Directors	✓
B.2 Level and Make up of Remuneration			
B.2.1 to B.2.4	Performance related elements in pay structure and alignment to industry practices	<ul style="list-style-type: none"> • Packages should be structured to attract, retain and motivate EDs • Packages should be comparable and relative to that of other companies as well as the relative performance of the Company • When determining annual increases remuneration committee should be sensitive to that of other John Keells Group companies • Performance related elements of remuneration should be aligned with interests of Company 	✓
B.2.5	Share options	Executive share options should not be offered at a discount	✓
B.2.6 to B.2.9	Remuneration packages for Non-Executive Directors	In designing schemes of performance-related remuneration, Remuneration Committees has complied with the relevant provisions and have reflected time, commitment and responsibilities of role and in line with existing market practice	✓
B.3 Disclosure of Remuneration			
B.3.1	Disclosure of details of remuneration	<ul style="list-style-type: none"> • The Annual Report should set out the names of Directors (or persons in the parent company's committee in the case of a Group company) comprising the remuneration committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to the EDs and NEDs 	✓
C. Relations with Shareholders			
C.1 Constructive Use and Conduct of Annual General Meeting (AGM)			
C.1.1	Proxy votes to be counted	The Company should count and indicate the level of proxies lodged for and against in respect of each resolution	✓
C.1.2	Separate resolutions	Separate resolutions should be proposed for substantially separate issues	✓
C.1.3	Availability of Chairman's of Committees at AGM	The Chairman of Board should arrange for the Chairman of Audit, Remuneration and Nomination Committees to be available to answer any queries at AGM	✓

CORPORATE GOVERNANCE

Code Ref.	Subject	Applicable Requirement Status	Compliance
C.1.4	Notice of AGM	15 working days notice to be given to shareholders	✓
C.1.5	Procedure for voting at meetings	Company to circulate the procedure for voting with Notice of Meeting	✓
C.2 Communication with Shareholders			
C.2.1	Channel of Communication	Channel to reach all shareholders to disseminate timely information	✓
C.2.2 C.2.7	Policy and Methodology of Communication	Policy and Methodology of communication with shareholders and implementation of it, according to the Code.	✓
C.3 Major and Material Transactions			
C.3.1	Disclosure of Major Transactions	Disclosure for all material facts involving all material transactions including related party transactions	✓
D. Accountability and Audit			
D.1 Financial Reporting			
D.1.1	Presentation of Public Reports	Should be balanced, understandable and comply with statutory and regulatory requirements	✓
D.1.2	Directors' Report	<p>The Directors' Report should be included in the Annual Report and confirm that,</p> <ul style="list-style-type: none"> • The Company has not contravened laws or regulations in conducting its activities • Material interests in contracts have been declared by Directors • The Company has endeavoured to ensure equitable treatment of shareholders • That there is reasonable assurance of the effectiveness of the existing business systems following a review of the internal controls covering financial, operational and compliance • That the business is a "going concern" 	✓
D.1.3	Respective responsibilities of Directors and Auditors	The Annual Report should contain separate statements setting out the responsibilities of the Directors for the preparation and presentation of the Financial Statements and the reporting responsibilities of the Auditors	✓
D.1.4	Management Discussion and Analysis	Annual report to include section on Management Discussion and Analysis	✓
D.1.5	Going Concern	Directors to substantiate and report that the business is a going concern or qualify accordingly	✓

Code Ref.	Subject	Applicable Requirement Status	Compliance
D.1.6	Serious Loss of Capital	Directors to summon an Extraordinary General Meeting in the event that the net assets of the Company are less than half of its stated capital	N/A
D.1.7	Related Party Transactions	Disclosure of Related Party Transactions	✓
D.2 Internal Control			
D.2.1	Effectiveness of system of internal controls	Directors to annually conduct a review of the effectiveness of the system of internal controls. This responsibility may be delegated to the Audit Committee	✓
D.2.2	Internal Audit Function	The internal audit function in Group companies is not outsourced to the external auditor of that Company in a further attempt to ensure external auditor independence	✓
D.2.3 D.2.4	Continuity of Internal control	Maintaining a sound system of internal control according to the provisions of the code.	✓
D.3 Audit Committee			
D.3.1	Chairman and Composition of Audit Committee	<ul style="list-style-type: none"> Should comprise a minimum of two NED/IDs Audit Committee Chairman should be appointed by the Board 	✓
D.3.2	Duties of Audit Committee	<ul style="list-style-type: none"> Audit Committee should include keeping under review the scope and results of the audit and its effectiveness, and the independence and objectivity of the Auditors. Where the Auditors also supply a substantial volume of non-audit services to the Company, the Committee should keep the nature and extent of such services under review, seeking to balance objectivity, independence and value for money. 	✓
D.3.3	Terms of Reference / Charter	<ul style="list-style-type: none"> The Audit Committee should have a written Terms of Reference which define the purpose of the Committee and its duties and responsibilities 	✓
D.3.4	Disclosure	<ul style="list-style-type: none"> The Annual Report should disclose the names of Directors serving on the Audit Committee The Audit Committee should determine the independence of the Auditors and disclose the basis of such determination The Annual Report should contain a report by the Audit Committee setting out the manner of the compliance of the Company during the period to which the report relates 	✓
D.4 Code of Business Conduct and Ethics			
D.4.1	Adoption of Code of Business Conduct and Ethics	The Company must adopt a Code of Business Conduct and Ethics for Directors and members of the senior management team and promptly disclose any violation of the Code	✓

CORPORATE GOVERNANCE

Code Ref.	Subject	Applicable Requirement Status	Compliance
D.4.2	Chairman's affirmation	The Annual Report must include an affirmation by the Chairman that he is not aware of any violation of the provision of the Code of Conduct	✓
D.5 Corporate Governance Disclosures			
D.5.1	Corporate Governance Report	The Annual Report should include a report setting out the manner and extent to which the Company has adopted the principals and provisions of the Code of Best Practice on Corporate Governance	✓
E. Institutional Investors			
E.1 Structured Dialogue			
E.1.1	Structured Dialogue with Shareholders	A regular and structured dialogue should be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman	✓
E.2	Evaluation of Governance Disclosure by Institutional Investors	Institutional investors should be encouraged to consider the relevant factors drawn to their attention with regard to Board structure and composition	✓
F. Other Investors			
F.1	Individual Investors	Individual shareholders should be encouraged to carry out adequate analysis and seek professional advice when making their investment/divestment decisions	✓
F.2	Shareholder Voting	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	✓
G. Sustainability Reporting			
G.1- G.1.7	Sustainability Reporting	Disclosure on adherence to sustainability principles	✓

AUDIT COMMITTEE REPORT

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

T L F W Jayasekara (Chairman)

A K Moonesinghe (Ms.)

K A Gunasekera (Dr.)

Terms of Reference, Principal Focus And Medium Of Reporting

The responsibilities of the Audit Committee are governed by the Audit Committee Charter, approved, and adopted by the Board. The Audit Committee focuses principally on assisting the Board in fulfilling its duties by providing an independent and objective review of the financial reporting process, the process of risk identification and mitigation, internal controls, and its compliance with legal and regulatory requirements actively; reviewing procedures relating to statutory, regulatory, and related compliance; and the adequacy of the Company's internal and external audit function. The proceedings of the Audit Committee were regularly reported to the Board of Directors, through formal minutes. Further, the effectiveness of the Committee is evaluated annually by each member of the Committee and the results are communicated to the Board.

Committee Composition, Meetings Held And Attendance

The Audit Committee consists of three members. The Chairman of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Out of the other two members of the Committee, one member is a specialist in investment banking, predominantly on cross border transactions across the Asian region, whilst the other member is a holder of a Ph.D. in Economic Geography.

All Non-Executive Directors satisfy the criteria for independence as specified in the Standards on Corporate Governance for Listed Companies, issued by the Securities & Exchange Commission of Sri Lanka. The Audit Committee reports directly to the Board. The individual and collective financial and hotel industry specific knowledge, business experience and the independence of members are brought to bear on all matters which fall within the committee's purview. The Chief Executive Officer and Chief Financial Officer, together with the Chief Operations Officer, Sector Financial Controller/ Vice President- Finance, Vice president – Maldives operations and Head of Group Business Process Review of John Keells Holdings PLC, attend Audit Committee meetings by invitation.

Outsourced Internal Auditors, i.e., PricewaterhouseCoopers, SJMS Associates, BDO Partners, and Independent External Auditors, Ernst & Young, are required to attend meetings on a regular basis. The Committee met four times during the financial year ended 31 March 2022 (information on the attendance at these meetings by the members of the Committee are given on page 39). In addition, the Chairman of the Committee met the Outsourced Internal and External Auditors and in-house personnel, as necessary, to strengthen guidance and oversight related to audit matters.

Activities Performed

Financial Reporting

- Reviewed the activities and financial affairs of the Company and its subsidiaries and underlying hotel entities. They also reviewed the financial reporting system adopted in the preparation of quarterly and annual Financial Statements to ensure reliability of the process, appropriateness and consistency of accounting policies and methods adopted, and that they facilitate compliance with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 7 of 2007 and other relevant statutory and regulatory requirements.
- Reviewed the quarterly and year-end Financial Statements and recommended their adoption to the Board of Directors.

Internal Audit, Risks and Controls

- Met the outsourced Internal Auditors to consider their reports, management responses and matters requiring follow up on the effectiveness of internal financial controls that have been designed to provide reasonable but not absolute assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in the preparation and presentation of the Financial Statements. Their scope of work and approach, the timeliness of their reports, and cooperation with External Auditors was also addressed.
- Reviewed the Business Risk Management processes and procedures adopted by the Company, to manage and mitigate the impact of such risks and observed that risk analysis exercises had been conducted across the different hotels, key risks that could impact operations had been identified to the extent possible, measures were taken to minimise the impact and likelihood of such risks. It was noted that with the integration of Sustainability within the Leisure Group, further measures to mitigate the core sustainability risks had been identified and risk mitigation measures designed and implemented.

AUDIT COMMITTEE REPORT

- Conducted special review of processes, content and the effectiveness of feeders to the deliberations of the Audit Committee, such as in-house accounting and record keeping, Group Business Process Review, and the Sustainability and Enterprise Risk Management division.

External Audit

- Met with the External Auditors before commencement of the external audit to ascertain the nature, scope and approach of the audit and reviewed their audit plans.
- Met with External Auditors to discuss interim audit issues, management responses and to affect any corrective action where necessary.
- Met with External Auditors at the end of the annual audit to review the Financial Statements and the reports thereon and to respond as necessary to such reports.
- Had closed door discussions with the External and Outsourced Internal Auditors where necessary.
- Reviewed the type and quantum of non-audit services provided by the External Auditors to the Company to ensure that their independence as auditors has not been impaired.
- Appraised the independence and performance of the outsourced Internal Auditors whose services are coordinated by the Group Business Process Review Division.
- Reviewed the Company's compliance framework to determine that it provides reasonable assurance that all relevant laws, rules and regulations have been complied with.
- Participated in discussions with management, to evaluate compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and CA Sri Lanka in the year 2013, in relation to auditor appointments.

- The Senior management of the Company followed a formal assessment process to evaluate the performance of External Auditors and the Committee has recommended to the Board of Directors that Messrs. Ernst & Young be re-appointed as Auditors for the financial year ending 31st March 2023, subject to the approval of the shareholders at the next Annual General Meeting.

In conclusion, the Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Company are managed in accordance with Group policies and that Company assets are properly accounted for and adequately safeguarded.



T L F W Jayasekara
Chairman - Audit Committee

20 May 2022

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee as at 31 March 2022, consisted of the following members:

D A Cabraal (Chairman)
M A Omar
S S H Wijayasuriya (Dr.)

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

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

In this context, the Committee determined the remuneration of the Executive Directors including the Chairman-CEO in terms of the methodology set out by the Board, upon an evaluation of their performance by the Non-Executive Directors. The evaluation of the members of the Group Executive Committee (GEC) were considered by the Committee and remuneration was determined based on performance, market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

As per the mandate outlined, the report from the Chairman of the Human Resources and Compensation Committee continues to be a standing agenda item at the quarterly Board meetings. The Chairman of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

The Committee wishes to report that the Company has complied with the Companies Act in relation to remuneration of Directors. The annual performance appraisal scheme, the calculation of short-term incentives, and the award of Employee Share Options (ESOPs) were executed in accordance with the approvals given by the Board, based on discussions conducted between the Committee and the Management.



D A Cabraal

Chairman of the Human Resources and Compensation Committee

20 May 2022

REPORT OF THE NOMINATIONS COMMITTEE

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

M A Omar (Chairman)

K N J Balendra

M P Perera (Ms.)

S S H Wijayasuriya

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

- Recommend to the Board the process of selecting the Chairman and Deputy Chairman.
- Assess the skills required for each business, based on the strategic demands to be met by JKH and other Listed Companies of the Group.
- Identify suitable persons to be appointed as Non-Executive Directors to the Board of JKH and make recommendations to other Listed Companies in the Group.
- Review the structure, size, composition and skills of each Board.
- Ensure that every appointee undergoes an induction.
- Make recommendations on matters referred to it by the Board.

The Committee reports its activities at each Board Meeting.

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



M A Omar

Chairman of the Nominations Committee

20 May 2022

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

M P Perera (Ms.)
A N Fonseka
D A Cabraal

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

The objective of the Committee is to exercise oversight on behalf of the Board of John Keells Holdings PLC and its listed subsidiaries, to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ("The Code") and with the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- there is compliance with "the Code" and Listing Rules of the CSE
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee reviewed and pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of John Keells Hotels PLC. Recurrent RPTs as well as the disclosures & assurances provided by the senior management in relation to such transactions, in terms of formulated guidelines so as to validate compliance with Sec 9.5(a) of the Listing Rules of CSE & thus exclusion from the mandate for review & pre-approval by the Committee, were reviewed annually by the Committee.

Other significant transactions of non-listed subsidiaries were presented to the Committee for information.

In addition to the Directors, President, Executive Vice Presidents, Chief Executive Officer, Chief Financial Officer, and Financial Controllers of the respective companies have been designated as Key Management Personnel (KMPs) in order to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

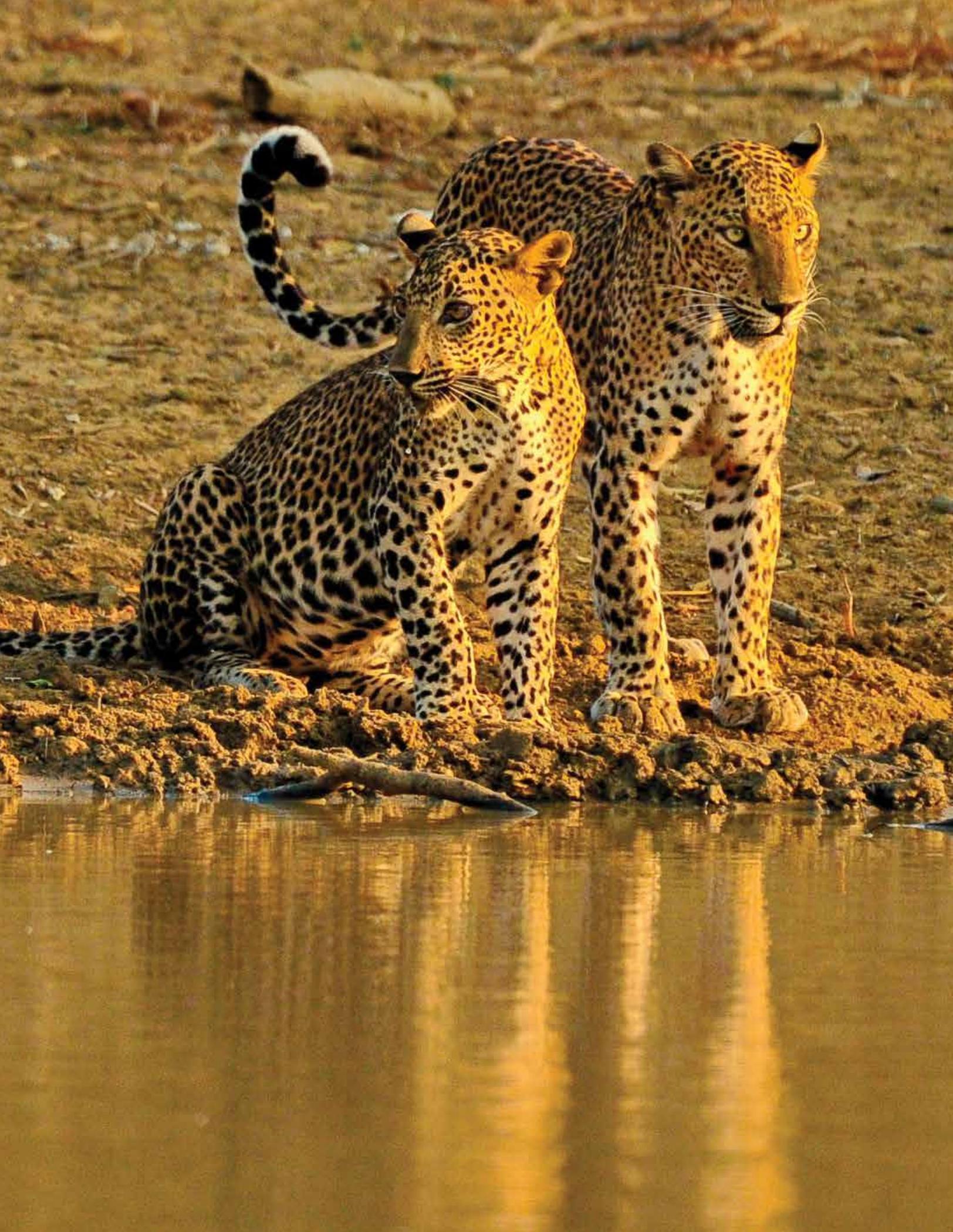
The Committee held four meetings during the financial year. Information on the attendance at these meetings by the members of the Committee is given on page 40 of this Annual Report.

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



Ms. M P Perera
Chairperson of the Related Party Transactions Review Committee

20 May 2022



building positive

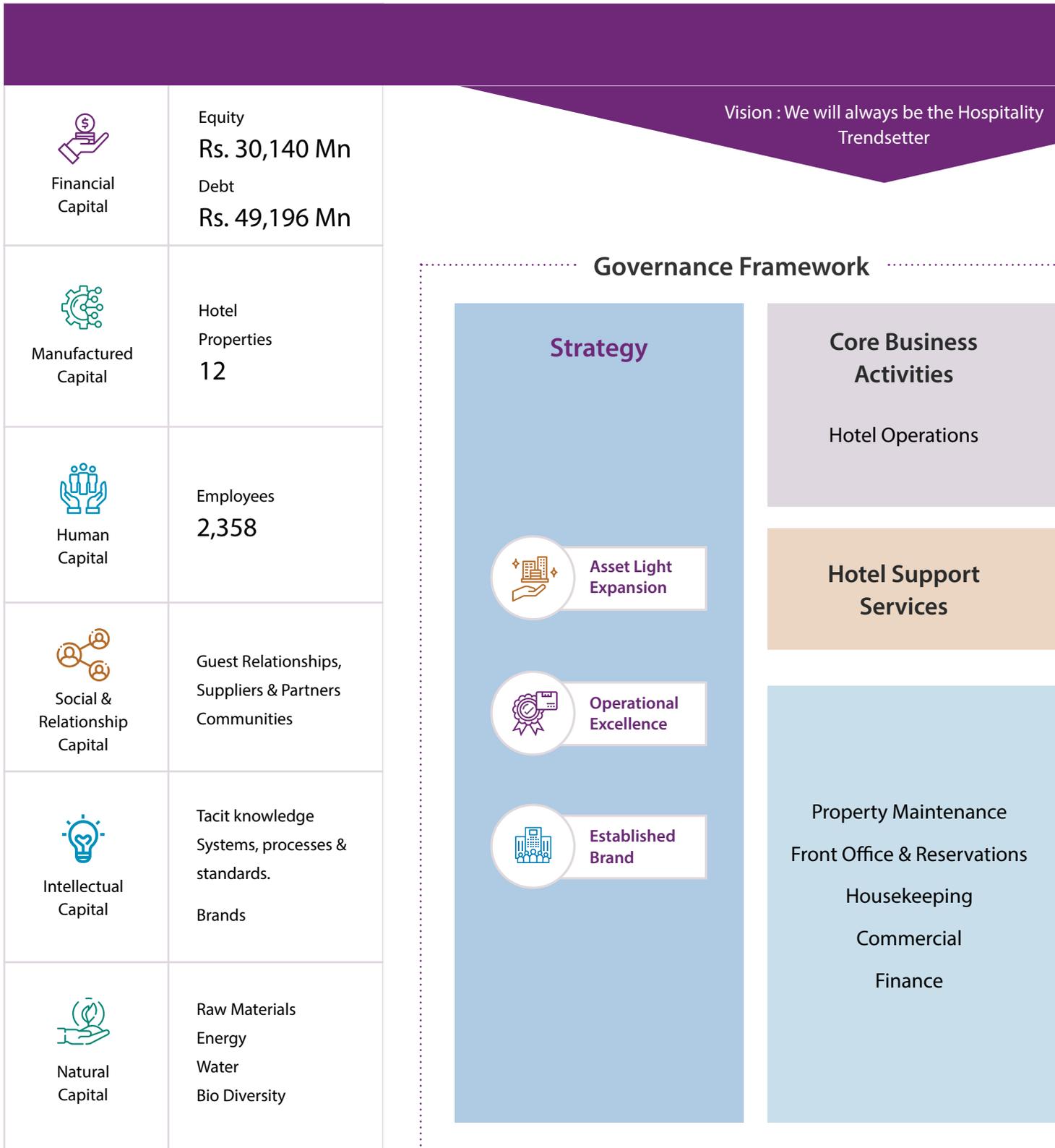
value

Management discussion and analysis

All about strategy 70 Stakeholder engagement 72
Cluster reviews 83 Financial capital 90 Risk management 93
Investor information 100

ALL ABOUT STRATEGY

The value creation model below depicts how our capital inputs are transformed to sustainable value for our stakeholders.



	Output / Impacts	Outcomes
<p>Strategy</p> <p> Sustainable Operations</p> <p> Future Real Workforce</p>	<p>EBITDA Rs. 3,425 Mn</p>	<p>Shareholders</p> <p>Mitigated loss during pandemic Net Loss Rs. 1,217 Mn</p>
	<p>Payments to Employees Rs. 2,698 Mn</p>	<p>Customers</p> <p>Enhanced safety of offering responsiveness to evolving needs</p> <p>Average guest satisfaction score 93%</p>
	<p>Investment in Training Rs. 41 Mn</p>	<p>Employees</p> <p>Safe & inspiring work environment</p>
	<p>Payment to Suppliers Rs. 3,710 Mn</p>	<p>Government</p> <p>Contributing to the Government's tax revenue & supporting Government's efforts to contain pandemic</p> <p>Payments to Government Rs. 37 Mn</p>
	<p>CSR Investment Rs. 2.87 Mn</p>	<p>Business Partners</p> <p>Stronger partnerships for shared growth</p>
	<p>Impacts</p> <p>Total waste 1,799 MT</p> <p>Water withdrawn 610,435 m3</p> <p>Carbon Footprint 19,083 tCO2e</p>	<p>Communities & Environment</p> <p>Socio economic empowerment & more responsible consumption of resources.</p>

STAKEHOLDER ENGAGEMENT

Maintaining ongoing, meaningful engagement with our stakeholders was a critical aspect of our COVID-19 response as the evolving operating landscape warranted deeper stakeholder engagement to understand and address their concerns during these unprecedented times. Stakeholder engagement is an ongoing process and is incorporated into the normal course of business through both formal and informal channels. During the year we continued to explore digital means to continue to engage with our stakeholders continuously, safely, and meaningfully. In prioritizing stakeholders to engage with we identify parties that have the most significant impact on our business and parties most impacted by our business. The issues, concerns and suggestions raised through our engagement activities feed into our materiality assessment and form the basis of our overall strategic direction.

Shareholders	Employees
<p>How We Engage</p> <ul style="list-style-type: none"> Annual General Meeting, Annual Report and Quarterly financial statements Website (Ongoing) Open Door Policy for investors (Ongoing) 	<p>How We Engage</p> <ul style="list-style-type: none"> Staff meetings (Ongoing) Staff engagement activities (Ongoing) Performance Management System (Ongoing) Employee Surveys (Quarterly) Collective Agreements (Ongoing) Newsletters (Quarterly)
<p>Stakeholder expectations</p> <ul style="list-style-type: none"> Minimise impact of pandemic and maximise return on investment Good liquidity management Sustainable Growth and business continuity Good risk and crisis management Compliance Corporate Governance and Ethics Transparency and credibility of disclosures 	<p>Stakeholder expectations</p> <ul style="list-style-type: none"> Health & safety considerations Job security Competitive compensation and benefits Opportunities for skill development and career Progression Employee engagement in new normal Diversity and equal opportunity
<p>Strategic Response</p> <ul style="list-style-type: none"> Ongoing focus on cost and revenue management measures, liquidity management and debt management Publish annual report Provide timely company updates through Colombo Stock Exchange Open and transparent communication with shareholders 	<p>Strategic Response</p> <ul style="list-style-type: none"> Implementation of strict health and safety protocols across operations Continuation of flexible and agile work arrangements Review of salary and organization structures Ongoing training and development opportunities through the Cinnamon Online Academy (COA) Adoption of technology for employee engagement and development Ensuring zero redundancies Promote diversity, equity, and inclusion Gender diversity initiatives including launch of EmpowHer network

Customers	Business Partners and Suppliers
<p>How We Engage</p> <ul style="list-style-type: none"> Guest Feedback forms (Ongoing) Channel Partners (Ongoing) Social Media Platforms (Ongoing) Face-to-face interactions (Ongoing) Customer Relationship Management (Ongoing) Brand surveys and audits 	<p>How We Engage</p> <ul style="list-style-type: none"> Site visits (Ongoing) Face-to-face interactions (Ongoing) Procurement Process (Ongoing) Supplier Forum (Ongoing) Face-to-face interaction (Ongoing)
<p>Stakeholder expectations</p> <ul style="list-style-type: none"> Product quality Service quality Unique experiences Guest experience and service delivery Environmental and social sustainability Value for money Information and privacy protection 	<p>Stakeholder expectations</p> <ul style="list-style-type: none"> Continued business opportunities Ease of transactions Timely payment Ethical business conduct Long term business relationships
<p>Strategic Response</p> <ul style="list-style-type: none"> Continuation of 'Cinnamon Care' Standard for care and cleanliness Refining our brand and rate propositions Use of data analytics to better understand customer requirements Revamping of Brand Purpose Upgrades to website and enhanced digital content Guest engagement in environment conservation 	<p>Strategic Response</p> <ul style="list-style-type: none"> Dynamic contracting with leading bed banks in key markets Continuous engagement with business partners Conduct supplier surveys Equal and fair treatment to every supplier Establish a sustainable supply chain comprising of transparent supplier selection, risk assessment and audit including supplier development Improvements to inventory management system

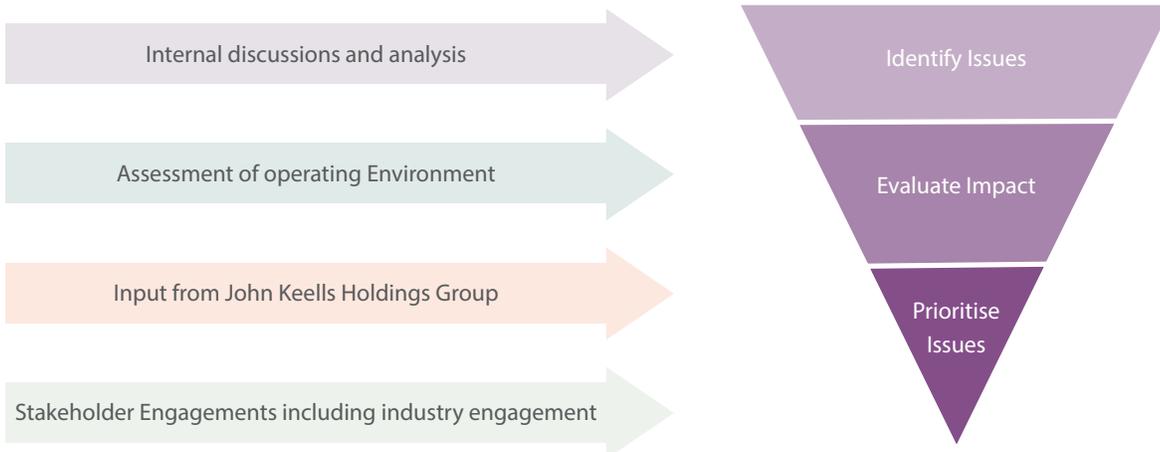
STAKEHOLDER ENGAGEMENT

Government and Regulatory Bodies	Community & Environment
<p style="text-align: center;">How We Engage</p> <ul style="list-style-type: none"> Trade Association interactions (Ongoing) Direct dialogue (Ongoing) Regulatory Reporting (Ongoing) 	<p style="text-align: center;">How We Engage</p> <ul style="list-style-type: none"> CSR Programs (Ongoing) Dialogue with community (Ongoing)
<p style="text-align: center;">Stakeholder expectations</p> <ul style="list-style-type: none"> Tourism industry recovery Recovery of economy Curtailing spread of COVID-19 virus Compliance with laws and regulations Job creation Contribution towards uplifting communities Environmental conservation 	<p style="text-align: center;">Stakeholder expectations</p> <ul style="list-style-type: none"> Community development through empowerment Reducing negative impact on environment Bio-diversity conservation Community support Respect the local way of living
<p style="text-align: center;">Strategic Response</p> <ul style="list-style-type: none"> Operating two resorts as Intermediate Care Centres Launch of 'One Island Thousand Treasures' destination promotion campaign in collaboration with Sri Lanka Tourism Development Authority (SLTDA) Close engagement with industry stakeholders to rebuild the industry and economy 	<p style="text-align: center;">Strategic Response</p> <ul style="list-style-type: none"> First hotel chain in Sri Lanka to commit to UNESCO Sustainable Travel Pledge Ongoing bio diversity conservation programs at property level Plastic reduction Program Act as a responsible member of the community Provide local employment Engage in local procurement Launch of, "Cinnamon Rainforest Restoration Project"

Materiality Assessment

The Group's material topics are the issues that are most important to our stakeholders and have the most significant impact on economy, environment and people. In assessing materiality, we identify, evaluate and prioritise all possible risks, opportunities and issues in terms of impact on economy, environment and people. The material issues we identify drive our strategic focus and form the basis of our internal and external reporting throughout the year. The process adopted in determining material topics is presented below:

Process for determining Material Matters



Impact Level	Material Topic in FY 2021/22	Relevant GRI Topics (If applicable)	Link to SDG
High	Economic Performance	GRI 201- Economic Performance GRI 419 Socio Economic Compliance	 
Medium	Health and safety	GRI 403 Occupational health and safety GRI 416 Customer Health and Safety	
High	Employment	GRI 401 Employment GRI 402 Labour Management GRI 404 Training and Education GRI 405 Diversity and Equal Opportunity GRI 406 Non discrimination GRI 407 Freedom of Association and Collective Bargaining	  
Medium	Sustainable supply chain	GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	  
High	Environment (energy, water, emissions, biodiversity)	GRI 302 Energy GRI 303 Water GRI 304 Biodiversity GRI 305 Emissions GRI 306 Waste GRI 307 Environment Compliance GRI 413 Local Communities	     

Strategic Imperatives and Resource Allocation

Amidst the unprecedented challenges posed by the COVID-19 pandemic, we continue to revisit and recalibrate our short and medium-term strategic priorities on an ongoing basis to ensure that we proactively respond to evolving operating conditions. Our long-term strategic goals of asset light expansion, operational excellence, developing a future ready workforce, strengthening brand value and creating a sustainable operation meanwhile remain unchanged as we gradually emerge from the pandemic and look toward long-term sustainable growth.

STAKEHOLDER ENGAGEMENT

<p style="text-align: center;">Short term and medium term Priorities</p> <p style="text-align: center;">Growth Priorities</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Implemented in FY 2021/22</p> <ul style="list-style-type: none"> Adopting an agile operating model </div> <div style="width: 45%;"> <p>To be Implemented in FY 2022/23</p> <ul style="list-style-type: none"> Repositioning of selected Maldives and Sri Lanka resorts to target the luxury segment. </div> </div> <p>Contribution to Sustainable Development Goals</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> </div>	<p style="text-align: center;">Long term Priorities</p> <p style="text-align: center;">Asset Light Expansion</p> <div style="text-align: center;">  </div> <p>Focus on asset light investment models as a part of the strategy to enhance the 'Cinnamon' footprint in Sri Lanka and the Maldives.</p> <p><i>More information – Redefining our Spaces on page 10 of the supplementary Sustainability Report</i></p>
<p style="text-align: center;">Short term and medium term Priorities</p> <p style="text-align: center;">Growth Priorities</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Implemented in FY 2021/22</p> <ul style="list-style-type: none"> Implementation of 'Cinnamon Care' standard for health and safety. Strengthen role of Data Analytics Strengthen relationships with B2B retail travel agents </div> <div style="width: 45%;"> <p>To be Implemented in FY 2022/23</p> <ul style="list-style-type: none"> Implementation of Revenue Management System Launch of B2B booking platform </div> </div> <p>Contribution to Sustainable Development Goals</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p> </div> <div style="text-align: center;">  <p>17 PARTNERSHIPS FOR THE GOALS</p> </div> </div>	<p style="text-align: center;">Long term Priorities</p> <p style="text-align: center;">Operational Excellence</p> <div style="text-align: center;">  </div> <p>Focus on driving domain expertise and synergies through technology enhancements to improve customer experience and operational efficiency</p> <p><i>More information- Reinforcing our Relationships on page 27 of the supplementary Sustainability Report</i></p>

Short term and medium term Priorities

People Priorities

Implemented in FY 2021/22

- Review Compensation and Benefits structure
- Re-structure designations/ levels structure
- Roll out of Employee Value Proposition tagline
- Launch of Cinnamon Academy
- Drive inclusivity and gender diversity through targeted initiatives

To be Implemented in FY 2022/23

- Roll out of new designation structure
- Implementation of new compensation and benefits structure

Contribution to Sustainable Development Goals



Long term Priorities

Future Ready Workforce



Attract a new generation of skilled hospitality professionals and continue to develop the skills and capabilities required to thrive in the new-normal working environment.

More information-Enriching Employee Experiences on page 12 of the supplementary Sustainability Report

Commercial Priorities

Implemented in FY 2021/22

- Revamp of Cinnamon Brand proposition
- Enhance quality of digital content

To be Implemented in FY 2022/23

- Establish Global Contact Centre
- Establish meeting and Events desk
- Revamp of Brand.com

Contribution to Sustainable Development Goals



Established Brand



Continue to create brand value through product and service differentiation and group level brand building initiatives

More Information -Differentiating our Value page 32 of the supplementary Sustainability Report

ESG Priorities

Implemented in FY 2021/22

- Reduction of single use plastic consumption at resorts
- Launch of,“Cinnamon Rainforest Restoration Project”

To be Implemented in FY 2022/23

- LEEDs certification for all new properties
- ESG 2025 goals

Contribution to Sustainable Development Goals



Sustainable Operation



Incorporate social and environmental best practices to all aspects of our operation to create long term value to stakeholders.

More Information : Protecting our Planet on page 37 of the supplementary Sustainability Report

STAKEHOLDER ENGAGEMENT

Achieving Sustainable Tourism

We are committed to achieving sustainable tourism by embedding economic, social, and environmental considerations into our corporate strategy, operations and processes. This is achieved through a robust sustainability management framework which includes defined goals, clear guidelines, a reliable monitoring mechanism and transparent reporting system that ensures that sustainability is integrated into our operations at all levels, monitored and reported on an ongoing basis. During the year Cinnamon Hotels & Resorts became the first hotel chain in Sri Lanka to commit to UNESCO Sustainable Travel Pledge, further reinforcing our long-standing commitment to sustainable tourism.

Our sustainability goals and how these goals contribute to the United Nations Sustainability Development Goals (SDG's) and UN global Compact principles and described in detail in our Supplementary Sustainability Report available online at <https://www.cinnamonhotels.com/cinnamon-csr-sustainability> The ensuing section provides an overview of how we contribute to the nation's sustainable tourism agenda.

<p>Economic Focus</p> <p>Employment Generation</p> <p>We generated 970 employment opportunities across Sri Lanka and Maldives and directly contribute the economic development of the country.</p> <p>Tax Revenue</p> <p>As one of the largest hotel operators in Sri Lanka we are a significant contributor to the country's tax revenue.</p>	<p>Social Focus</p> <p>Community Development</p> <p>Wherever possible we recruit our employees and source our produce from local communities. Meanwhile, purpose driven CSR activities are aimed at empowering and developing surrounding communities.</p> <p>Gender Empowerment</p> <p>We are committed to empowering women within our organization and in the wider community.</p>	<p>Environmental Focus</p> <p>Responsible Consumption of Resources</p> <p>We continue to adopt environmentally friendly practices across all our properties and invest in technology that minimize the negative impact on the environment from our operation.</p> <p>Biodiversity Conservation</p> <p>With many of our properties located in close proximity to protected areas and areas of high biodiversity value, we ensure that our operations have a minimum impact on the biodiversity of these areas. Meanwhile Cinnamon Hotels & Resorts eco-tourism arm Cinnamon Nature Trails have several ongoing initiatives aimed at protecting identified areas and species in these habitats.</p>
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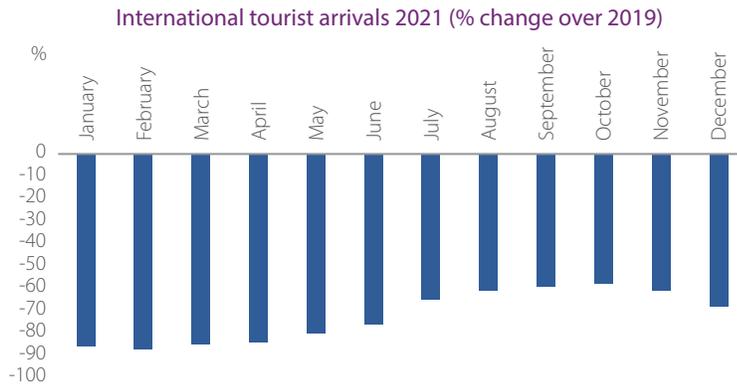
ESG Priorities

Environmental	Social	Governance
<ul style="list-style-type: none"> • Renewable Energy Drive • Zero Customer Facing plastics • LEEDs Certification for all new developments 	<ul style="list-style-type: none"> • Increase female participation in workforce to 24% by 2025 • Increase female leaders in Resorts to 25% by 2025 • 5,000 employment opportunities to youth from surrounding communities • Increase local procurement to 20% by 2025 	<ul style="list-style-type: none"> • Strengthen policy framework with stringent policies for anti-fraud, anti corruption, whistle blowing • General Data Protection Regulation compliance

OPERATING ENVIRONMENT AND INDUSTRY OVERVIEW

The year 2021 saw preliminary signs of an upturn in global tourism following the worst year for tourism on record. Rising rates of vaccination and easing of travel restrictions globally have contributed to a moderate recovery. The upturn in the global tourism industry positively impacted tourist arrivals to both Sri Lanka and Maldives.

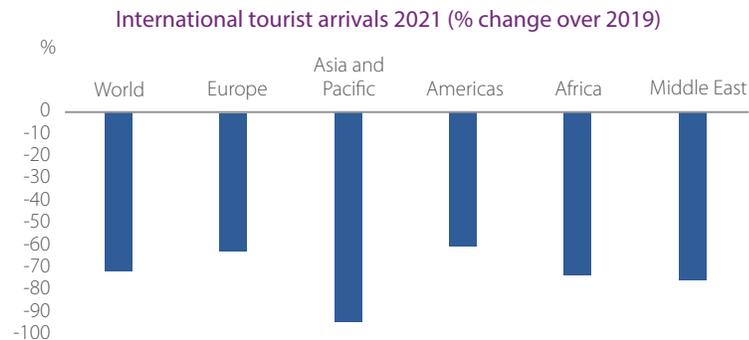
- Global tourism experienced a moderate 4% upturn in 2021, compared to 2020. However, international tourist arrivals were still 72% below pre-pandemic levels.



International tourist arrivals started picking up towards the second half of 2021, with international arrivals during third and fourth quarters improving to 62% below pre-pandemic levels as against 80% below pre pandemic levels during the first half of 2021.

Source: UNWTO

- The pace of recovery however remains slow and uneven across world regions due to varying degrees of mobility restrictions, vaccination rates and traveller confidence.



Europe and the Americas recorded the strongest results in 2021 compared to 2020 while in Asia and the Pacific arrivals were still almost 94% below pre-pandemic levels as many destinations remained closed to non-essential travel.

Source: UNWTO

OPERATING ENVIRONMENT AND INDUSTRY OVERVIEW

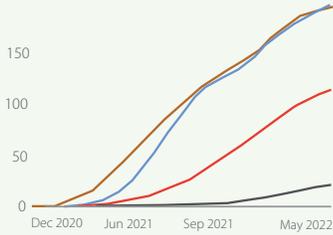
- The gradual recovery of the global tourism sector was supported by rising rates of vaccination and the easing of travel restrictions. A slowdown in the momentum of global growth and rising inflationary pressures globally however dampened pent-up demand for travel, in turn negatively impacting the pace of the tourism sector recovery.

Vaccine roll-out

Vaccination rates continued to increase globally, although progress remains highly unequal across the world.

COVID-19 vaccine doses administered per 100 people, by income group

All doses, including boosters, are counted individually



Source: Official data collated by Our World in Data, World Bank
Note: Country income groups are based on the World Bank classification.

OurWorldInData.org/covid-vaccinations • CC BY

Source: UNDP

Slowdown of global growth

Following a strong rebound in 2021, the global economy is forecasting pronounced slowdown in 2022 amid fresh threats from COVID-19 variants, rise in inflation, debt, and income inequality.

Global GDP Growth

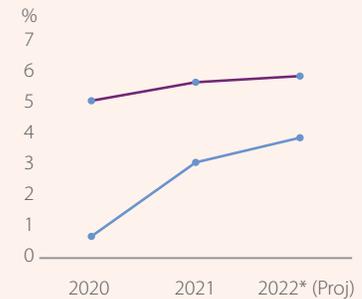


Source: IMF

Rise in global inflation

Supply chain disruptions due to COVID-19 pandemic and higher commodity prices resulted in an increased level of inflation throughout much of 2021. Elevated inflation is expected to persist throughout 2022 with ongoing supply chain disruptions and high energy prices continuing in 2022.

Global Inflation

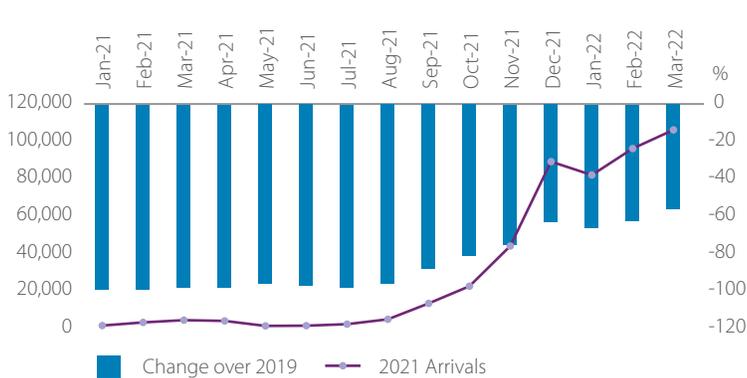


— Advanced Economies
— Emerging Market and Developing Economies

Source: IMF

- Tourist arrivals to Sri Lanka which remained subdued during the first two quarters of 2021 due to lower global demand and border restrictions necessitated by a sharp increase in COVID-19 positive cases from late April 2021, witnessed a gradual improvement as the country re-opened its borders for fully vaccinated travellers in August 2021 and removed mandatory on-arrival PCR tests with effect from September 2021.

Tourist Arrivals - Sri Lanka



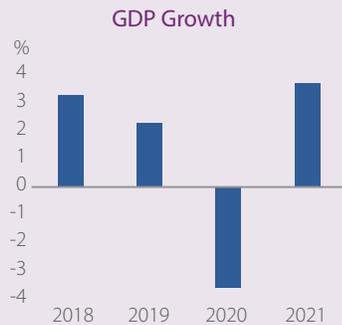
Source: SLTDA

The second wave (Apr to Oct 21) of COVID-19 caused by the Delta variant resulted in a higher case load and tighter restrictions which in turn impacted tourist arrivals during the period. A strong vaccination campaign in the country which resulted 65% of the population being fully vaccinated against COVID-19 and the relaxation of border restrictions in October 2021 however resulted in a notable increase in tourist arrivals since October 2021. The emergence of the new COVID-19 variant, Omicron resulted in a slight decline in arrivals in January 2022, although this trend reversed in February and March 2022. International arrivals in March 2022 at 106,500, was the highest since the start of COVID-19 pandemic although still 56% below pre-pandemic (2019) levels.

- Despite an uptick in tourist arrivals, macro-economic challenges including exchange rate volatility and inflationary pressures continued to impact operations during the year.

GDP Growth

The Sri Lankan economy recovered from a contraction of 3.6% in 2020 and reported a growth of 3.7% in 2021. The industrial sector recorded a growth of 5.3% while the agriculture sector witnessed a growth of 2.0%. The services sector meanwhile grew by 3% during the year.



Source: CBSL

Exchange Rate Volatility

The Central Bank of Sri Lanka (CBSL) effectively fixed the official exchange rate at LKR 200-203 per U.S. Dollar since April 2021 but subsequently allowed the Rupee to float freely since March 2022 resulting significant exchange rate volatility. Sri Lanka rupee depreciated by 52% as at 31st March 2022 in comparison to 31 March 2021. To address the shortage of U.S. Dollars, CBSL intervened in the local foreign exchange market to improve liquidity. This included accepting tourism receipts in foreign exchange and mandatory conversion of such receipts.

Sri Lanka faces multiple challenges, including public debt that has risen to unsustainable levels, low foreign reserves, and persistently large financial needs for debt servicing. A coherent strategy to restore macro-economic stability is therefore a priority.

Inflationary Pressures

Inflation has steadily risen since early 2021, on account of exchange rate depreciation, supply shortages and increases in administered fuel and food prices owing to global price increases. Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index increased to 18.7% in March 2022 as compared to a 4.1% Y-o-Y change in March 2021.

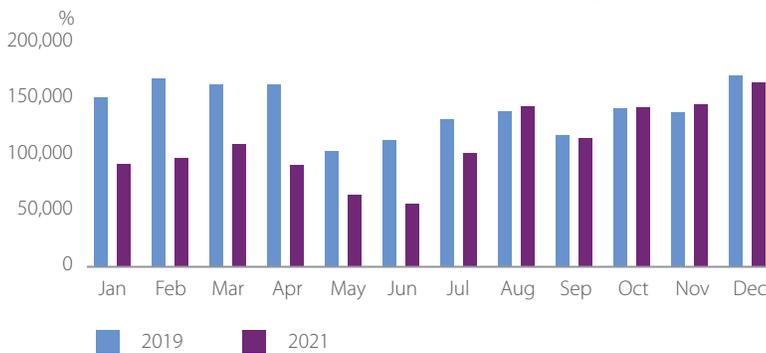
CCPI (2013=100) YOY % Change



Source: CBSL

- The Maldivian tourism industry witnessed a strong recovery in 2021. International arrivals to the Maldives increased 138% over 2020 arrivals, to 1.3Mn compared to the pre-COVID-19 arrivals of 1.6Mn tourists in 2019.

International tourist arrivals in Maldives 2021 (change over 2019)



Source: Ministry of Tourism

Strong policy support including early re-opening of borders with stringent hygiene protocols, one of the fastest COVID-19 vaccination campaigns in the world and a targeted effort to capture new source markets and tourist demographics supported strong month on month growth making the Maldives one of the best performing tourist destinations in the region. The Tourism Ministry of Maldives also launched several campaigns to support the recovery of tourism such as “I’m vaccinated” campaign aimed at showcasing the success of vaccination program and introduced a “No Quarantine Policy” for travellers. The country’s tourism industry is poised for a rapid and sustainable recovery with a forecast of 1.5Mn tourist arrivals in 2022. The hotel industry in the Maldives will remain competitive as upscale and midscale properties continue to expand their footprint.

OPERATING ENVIRONMENT AND INDUSTRY OVERVIEW

OUTLOOK

Key Concerns - 2022/23

rising geo-political tensions

global economic uncertainty and macro-economic challenges in local economy

GLOBAL TOURISM

After the unprecedented drop in 2020 and 2021, international tourism is expected to witness a gradual recovery in 2022. However, rising geo-political tensions and emerging new variants of COVID-19 are likely to negatively impact this recovery trajectory. Meanwhile global economic growth is expected to be more than 1% lower than previously projected, while inflation, already high at the start of the year, could be at least a further 2.5% higher. The recent spike in oil prices and rising inflation are making accommodation and transport services more expensive, adding extra pressure on businesses, consumer purchasing power and savings.

SRI LANKA

Despite the macro-economic challenges in the short-term, the prospects for the Sri Lankan Resorts segment remain positive in the medium-term, given the increasing traction Sri Lanka has received as a holiday destination and the unparalleled cultural and natural landscape of the country.

The Group will continue its investments to expand the 'Cinnamon' footprint across the island, although primarily in line with the Group's asset-light investment strategy. In addition to the launch of 'Cinnamon Red Kandy', the Group will also place emphasis on monetising its significant land bank, especially in the Southern and Eastern coasts, thereby strengthening its project pipeline for the segment.

The segment will also leverage on its newly reconstructed flagship property 'Cinnamon Bentota Beach', which was unable to realise its full potential post the reopening of the property given the closure of the country's borders and restrictions on global tourism in the past couple of years, to capture premium ARR's and further enhance the 'Cinnamon' brand.

MALDIVES

Maldives continues to be one of the best performing Asian tourist destinations post pandemic, and this momentum is expected to continue given the destinations unique value proposition as a safe haven for luxury travel. The Maldives was deemed a safe travel destination by the World Travel and Tourism Council, and has capitalised on its unique landscape and quarantine-free first-mover advantage. A key concern in this market however is rising oil and freight prices which is likely to have a significant impact on margins due to the heavy dependence on imports.

CLUSTER REVIEWS

SRI LANKAN CLUSTER

Contribution to Group



Revenue

Rs.2,891 Mn



EBITDA

(Rs.194 Mn)



Occupancy

32%



Carbon Footprint

9,323tco2e

Performance of the Sri Lankan cluster witnessed a turnaround in FY 2021/22, with the cluster reporting Y-o-Y RevPar growth of 185%. Cluster EBITDA turned positive in December 2021, for the first time since the emergence of COVID-19. Remaining agile and responsive to changing market dynamics was key to being able to navigate the uncertainties and emerge on a stronger footing to face the post COVID-19 new normal.

What Sets us Apart?



Our Commitment to achieve service excellence

A team of 1,661 employees committed to achieving excellence

Our Commitment to providing authentic experiences

Our 8 resorts are located in key tourist destinations around the country.

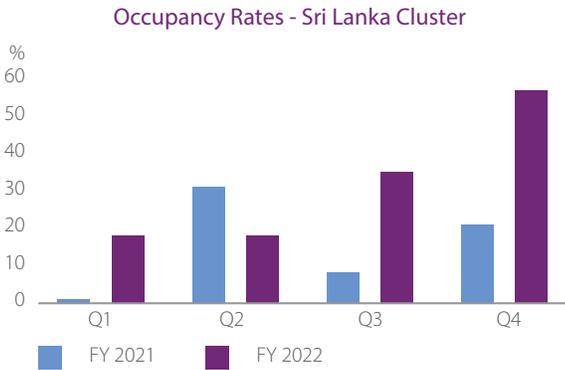
Our Commitment to responsible tourism

First Hotel chain in Sri Lanka to obtain the UNESCO Sustainable Travel Pledge

CLUSTER REVIEWS

SRI LANKAN CLUSTER

Performance

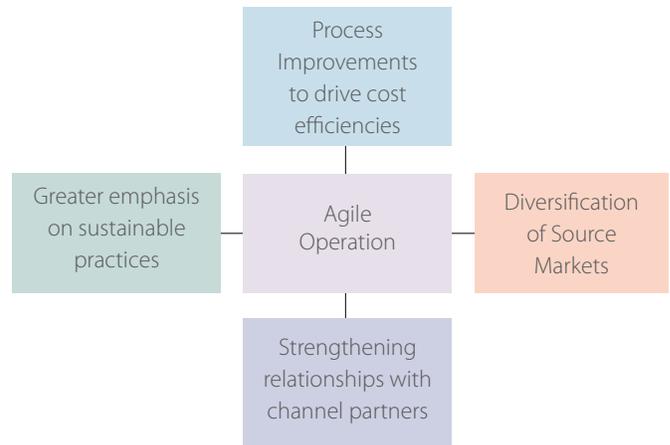
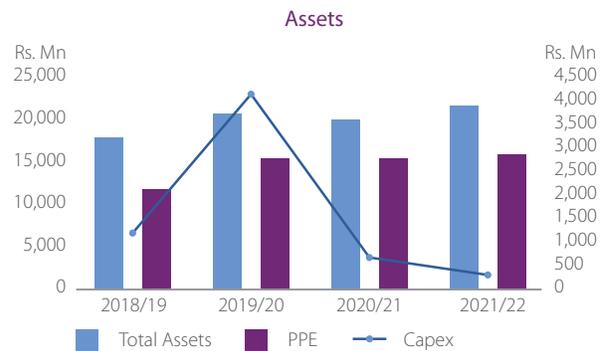
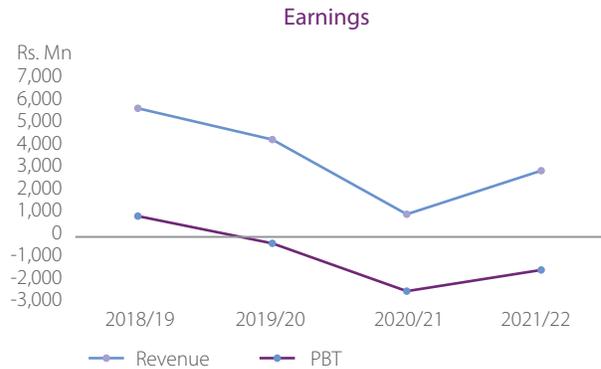


Revenue of the Sri Lankan cluster increased by three folds to LKR2.9Bn during the year, compared to previous year. The Y-o-Y improved performance of the cluster is driven by the healthy rebound of hotel business, mainly towards Q3 and Q4.

Hikka Tranz by Cinnamon and Cinnamon Wild Yala led the recovery reporting occupancy rates of 75% and 88% respectively during Q4. Growth was supported by the easing of travel restrictions locally, recovery in international feeder markets and the low base effect of previous year.

Revenue per available room (“RevPar”) of Sri Lanka cluster grew by 185% Y-o-Y, reflecting operational improvement across the properties from the improving demand and low base effect of previous year. Buoyed by a recovery in occupancy rates and RevPar towards Q3, the cluster recorded a positive EBITDA in December 2021 for the first time since the outbreak of COVID-19. This positive trend continued with EBITDA continuing to increase in Q4 as well.

Cinnamon Holidays (Pvt) Ltd too showed a strong recovery owing to successful filming with BBC and Warner Brother’s handling three documentary productions in Sri Lanka. Their success was further strengthened by a successful whale watching season in Trincomalee in March 2022, Consequently, EBITDA and net profit of Cinnamon Holidays too turned positive in 2021/22.



During this Period

April 2021

Despite the re-opening of the airport in January 2021, the outbreak of the wave of the COVID-19 pandemic in April 2021 and re-imposition of inter-provincial travel restrictions result in the closure of all our Sri Lanka resorts towards the latter part of April. 'Hikka Tranz by Cinnamon and Cinnamon Citadel Kandy operated as Intermediate Care Centres for the treatment of asymptomatic COVID-19 patients.



July 2021

With the easing of restrictions towards the end of first quarter, the country opened for fully vaccinated tourists and Cinnamon Bey Beruwala re-commenced operations in July 2021 as a Level-1 hotel operating under the bubble concept.



November 2021

All our resorts had re-commenced operations with occupancy levels showing steady increase during the third and last quarters of FY 2021/22.



December 2021

EBITDA turned positive for the first time since March 2020, supported by a steady growth in occupancy.



January to March 2022

All resorts were in operation by Q4 while occupancy levels improved to 57% due to a strong pickup in all our properties, most notably Hikka Tranz by Cinnamon and Cinnamon Wild Yala.

Strategic thrust during the year

In the face of the ongoing impact of the pandemic, we remained agile and flexible, responding to emerging challenges whilst strategically preparing for the expected travel boom post pandemic. The outbreak of the 3rd wave of COVID-19 and resultant travel and mobility restrictions compelled us to close our Sri Lanka resorts to guests periodically.

We also continued to focus on effective revenue and cost management to minimise the financial impact of the pandemic. During the year we refined our product and rate positioning to correspond with the value proposition of each resort and diversified our source markets. We also established a single rate contract for all markets to ensure rate parity and uniformity. Meanwhile, system and process upgrades have enabled better inventory management.

Notwithstanding the challenges during the year, we continued to expand and enhance our guest value proposition. The structural repair work carried out at Hikka Tranz by Cinnamon was completed during the year while Cinnamon Bentota Beach was re-launched in November 2021 following the temporary closure due to COVID-19. Re-positioned as a premier luxury destination, Cinnamon Bentota Beach aims to offer guests a distinctive cultural and aesthetic experience. A targeted marketing campaign was also carried out during the year to position Cinnamon Bentota Beach in the luxury segment.

Opportunities

- Rising rates of vaccination together with an easing of travel restrictions globally and locally is gradually releasing pent up demand for travel.
- Greater opportunities in short-haul travel segments such as MICE travel, destination weddings, regional tourism etc.
- Increasing demand in the luxury travel segment.

Risks

Attracting and retaining skilled staff continues to be a challenge, particularly amidst the rising migration of skilled hospitality employees.

Macroeconomic challenges including the forex crisis and supply chain disruptions are likely to squeeze margins.

Geopolitical developments could impact arrivals from key source markets such as Russia, Ukraine, and the EU region.

CLUSTER REVIEWS

SRI LANKAN CLUSTER

Value Delivered			
2020/21		2021/22	
 Employees			
Rs. 992 Mn	Payments to Employees	Rs. 1,144Mn	↑
40,406	Training Hours Provided	68,669	↑
 Suppliers			
Rs. 1,383Mn	Payment to suppliers	Rs. 1,148Mn	↓
 Environment			
7,319 tCO ₂ e	Carbon Footprint	9,323 tCo ₂ e	↑
 Community			
Rs. 0.55Mn	Community Investment	Rs. 0.65Mn	↑

Outlook

The global tourism industry is expected to make a strong comeback in 2022, given widespread vaccination rollouts across the globe and easing of international travel restrictions in many countries. Meanwhile, the government of Sri Lanka continues to focus on the tourism industry as a key driver to revive the economy.

Despite the ongoing challenges we have continued to invest in our properties, enhancing our value proposition to meet evolving guest requirements whilst ensuring the highest of health and safety protocols. Our properties are therefore well prepared to take advantage of the pent-up demand for leisure travel.

While margin pressure is likely to be a significant concern in FY 2022/23, an ongoing focus on process and system improvements including greater focus on revenue management, channel diversification and cost management is expected to minimise the financial impact on the business.

CLUSTER REVIEWS

MALDIVES CLUSTER

Contribution to Group



Revenue

Rs.10,464 Mn



EBITDA

Rs. 3,617 Mn



Occupancy

75%



Carbon Footprint

9,761tco2e

The Maldivian cluster recorded a strong performance during the year with RevPar reaching pre-pandemic levels by Q3 2021/22, driven by both occupancy and average room rate. Proactively responding to evolving customer expectations enabled us to take advantage of emerging opportunities and record a resilient performance during the year.

What Sets us Apart?



Hospitality Excellence

All our resorts enjoy consistently high guest rankings across platforms

Our Resorts

Our offering includes 4 resorts with 454 room inventory

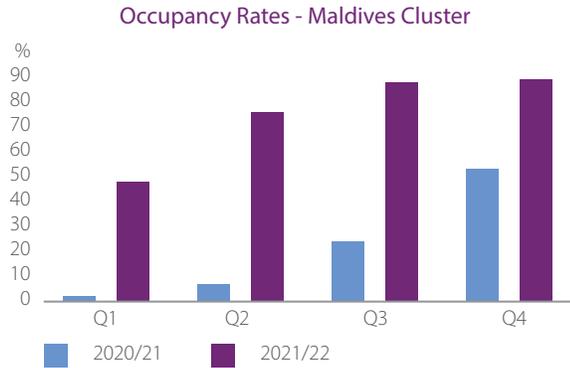
Sustainability Focus

Two of our Maldivian resorts have obtained Green Globe certification indicating our deep commitment to sustainable tourism

CLUSTER REVIEWS

MALDIVES CLUSTER

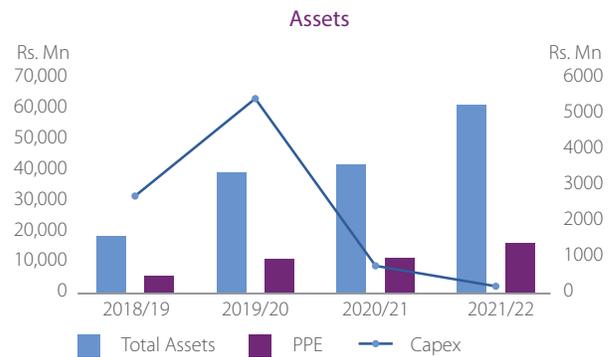
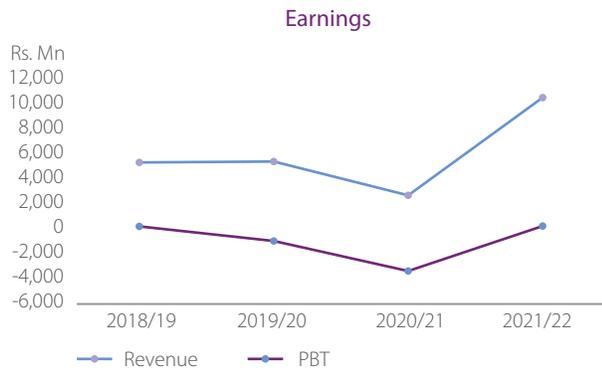
Performance



Buoyed by a strong recovery in tourist arrivals to the country, the Maldivian cluster witnessed steady recovery momentum during the year, with higher than anticipated occupancy levels across all our resorts. Occupancy levels surged from 48% in Q1 to 89% in Q4, reaching pre-pandemic levels. This was attributable to both demand from the island's quarantine-free first-mover advantages and Cinnamon Hotels' focus on exceptional service. Average Room Rate (ARR's) too recovered to almost pre-pandemic levels by the last quarter of FY 2021/22 indicating strong forward booking trends.

Supported by improving occupancy levels, sustained ARR's, and a greater focus on operational cost efficiencies, EBITDA which plummeted to negative Rs. 226 Mn in FY 2020/21 improved to Rs. 3.6 Bn in FY 2021/22 and PBT turned positive during the year

The Maldives cluster reported a revenue of Rs. 10.46 Bn during FY 2021/22 compared to a revenue of Rs. 2.71 Bn during the previous year. The cluster also recorded a Profit before tax of Rs. 236 Mn compared to a loss of Rs. 3.4 Bn in FY 2020/21.



Strategic thrust during the year

With the gradual pick up in the Maldivian tourism industry we focused on enhancing our value proposition to meet the evolving needs of guests and employees whilst driving greater cost efficiencies to improve our financial performance.

Stringent health and safety protocols were rolled out through the Cinnamon Standards for care and cleanliness. This included 100% vaccination of all our staff, rigorous health and safety protocols across all our locations, ongoing health and safety training for staff and upgrading staff facilities to ensure compliance with health guidelines. Meanwhile, we continued to offer our guests unique experiences such as the night diving experience and fly board activity which has contributed to greater guest satisfaction and brand visibility.

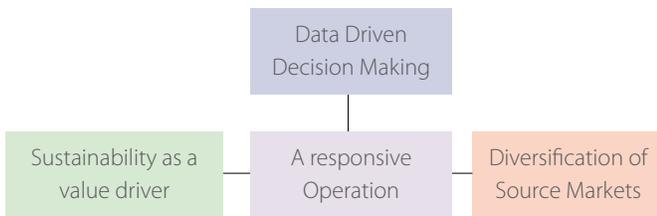
With evolving market dynamics continuing to impact Average Daily Rates (ADRs), we placed a greater emphasis on our rate positioning. During the year we invested in several competitor intelligence tools which has better enabled us to benchmark our performance against competition. Based on the insights obtained we refined our product and rate positioning to correspond with the value proposition of each resort.

During the year we also strengthened our distribution channels in emerging source markets such as India and the Middle east in order to further diversify our source markets. We entered into dynamic contracting with leading operators in the Middle East, India, CIS, Europe and invested in new software platforms to encourage direct bookings by travel agents in these markets.

Expense control and cost optimisation measures adopted during the last financial year continued as we focused on improving the cluster profitability and preserving liquidity position. During the year we reduced our short-term borrowings which in turn reduced the interest expenses. We also continued, to have in place cash management war-rooms and cash flow protection plans to better manage our cash flows.

We remain committed to preserving “Life on Land” and “Life Below water” and continued with many of our environmental initiatives during the year. Plastic consumption and wastage reduced during the year due to the use of refillable water bottles, reusable bags and straws at our resorts. Several beach cleanups were conducted during the year while we continue to focus on our solar drive.

Adapting to the New Norm



Opportunities

- The Maldives tourism industry continues to outperform its regional counterparts due to progressive policy measures post COVID-19 and effective marketing campaigns that market its one Island-one resort proposition
- A growth in travel from short haul markets such as India and the Middle East is expected to drive increased demand from these markets.

Value Delivered			
2020/21		2021/22	
 Employees			
Rs. 1,076 Mn	Payments to Employees	Rs. 1,554 Mn	↑
40,385	Training Hours Provided	40,080	↓
 Suppliers			
Rs. 986Mn	Payments to suppliers	Rs. 2,562Mn	↑
 Environment			
6,116	Carbon Footprint (KgCO2e)	7,749	↑
 Community			
Rs. 0.51Mn	Community Investment	Rs. 2.22Mn	↑

Risks

- Margins are likely to be squeezed by rising oil prices and freight rates that will increase operating expenses for the sector.
- Increasing competition due to the gradual recovery of competitor destinations

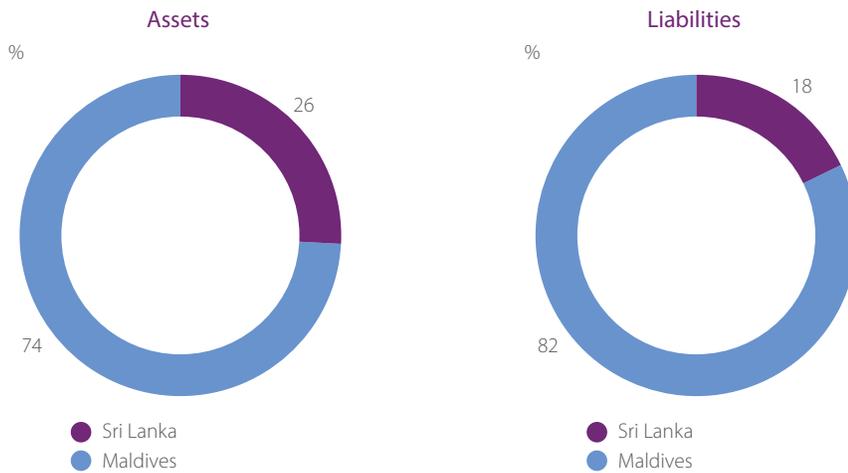
Outlook

Given the impressive recovery of the tourism industry in Maldives post pandemic and encouraging momentum of forward bookings at our properties, we remain optimistic regarding our prospects for the cluster in FY 2022/23. We are confident that our investments in the sector over the last few years have placed us well to capitalise on this growth momentum and continue to enhance our value proposition to attract the new-normal traveller.

FINANCIAL CAPITAL

Group revenue improved by 265% during the year with the resumption of hotel operations and the gradual recovery of occupancy levels. Continuous focus on cost savings and cash management efficiencies enabled us to report a positive EBITDA at Group level from the third quarter onwards.

Our Financial Capital



The Value We Created



Financial Performance

Revenue

Group reported a consolidated revenue of Rs. 13,355 Mn in FY 2021/22, compared to Rs. 3,661 Mn in FY 2020/21 one of the most challenging years in history for the global tourism industry. The revenue growth was supported by a strong recovery in the Maldivian sector which continued to witness higher than anticipated “RevPar” driven by both occupancies and Average Room Rates (ARR’s) during the year. Occupancy levels in the Maldivian cluster reached pre-pandemic

levels by the third quarter of 2021 while ARR’s almost reached the pre-pandemic levels by December 2021. Revenue from the Maldivian cluster during the year amounted to Rs. 10,464 Mn compared to Rs. 2,706 Mn in the previous year.

The Sri Lanka Resorts cluster witnessed a gradual recovery during the year, although operations during the first nine months of 2021 were impacted by the third wave of the COVID-19 pandemic and re-imposition of restrictions on inter-provincial travel. By



November 2021 all our resorts had re-commenced operations with occupancy levels showing a steady growth during the third and fourth quarter of FY 2021/22. Revenue of Sri Lanka resorts cluster increased by 203% YoY.

Gross Profits

Gross profit margin rose strongly from 42% in FY 2020/21 to 63% in FY 2021/22, supported by the rebound of resort operations in both Maldives and Sri Lanka.

Operating Expenses

The Group adopted stringent expense controls and cost optimisation strategies across resorts. Consequently, despite the resumption of operations to near normal levels and significant inflationary pressures, the increase in administrative expenses was limited to 26%. Distribution expenses however increased by almost 111% to Rs. 584 Mn due to branding and marketing initiatives rolled out during the year.

Operating Profits

The Group recorded a positive EBITDA of Rs. 3,425 Mn in FY 2021/22 compared to a negative EBITDA of Rs. 1,576 Mn in FY 2020/21. The improvement was mainly on account of the Maldives cluster performing exceptionally well and recording a positive EBITDA of Rs. 3,618 Mn during the year compared to the negative EBITDA of Rs. 226 Mn in FY 2020/21. The Sri Lankan cluster too recorded a positive EBITDA during the last quarter of FY 2021/22, for the first time since the start of the pandemic.

Finance Costs

Finance costs increased marginally during the year from Rs. 1,124Mn in FY 2020/21 to Rs. 1,235 Mn in FY 2021/22 due to the additional debt facilities obtained by the Sri Lankan cluster and due to the Rupee depreciation against the US Dollar.

Profitability

Group loss before tax during the year reduced to Rs. 1,297.9 Mn from a loss of Rs. 5,855 Mn in the previous year. The Sri Lanka cluster reduced the loss before tax by Rs. 944 Mn and reported a loss before tax of Rs. 1,533 Mn in FY 2021/22. The Maldivian cluster however recorded a turnaround in performance during the year reporting a profit before tax of Rs. 236 Mn in FY 2021/22, compared to a loss of Rs. 3,377 Mn in the previous year.

Other Comprehensive income

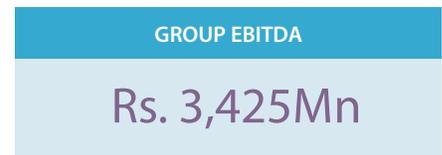
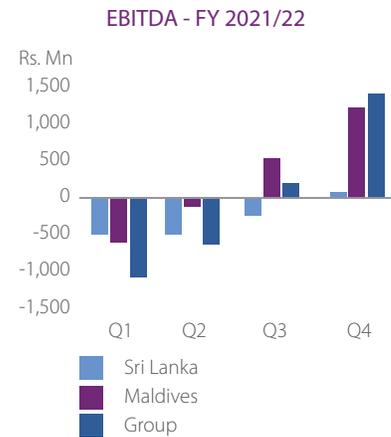
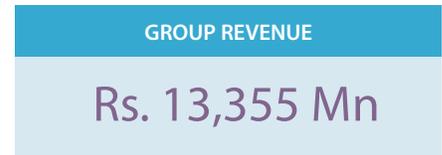
The Group recorded other comprehensive income of Rs. 6,926.2 Mn in the current year compared to Rs. 679 Mn in FY 2020/21, mainly on account of translation of results of foreign operations to Rupees culminating from the closing LKR / US Dollar exchange rate depreciating by 52% YoY (2020/21 – 6%).

Assets

The Group’s total assets of Rs. 83,523 Mn at the end of 2021/22, was an increase of Rs. 21,048 Mn from Rs. 62,475 Mn as at the end of the year 2021. The increase was primarily attributable to exchange rate differences arising from the translation of the foreign operations. Maldives cluster accounted for 74% (2020/21 -67%) of total assets of the Group recording an increase of Rs. 19,485Mn at the end of 2021/22.

Liabilities

Total Group liabilities amounted to Rs. 53,382 Mn as at the end of the year 2022, up from Rs. 38,045 Mn the previous year. The increase was primarily due to the exchange rate impact arising from the translation of foreign operations although it was partially offset by the repayment of bank borrowings and reduction of lease liabilities in the Maldives. Sri Lanka cluster obtained additional bank facilities to fund working capital requirements and to fund the structural repair work at Hikka Tranz by



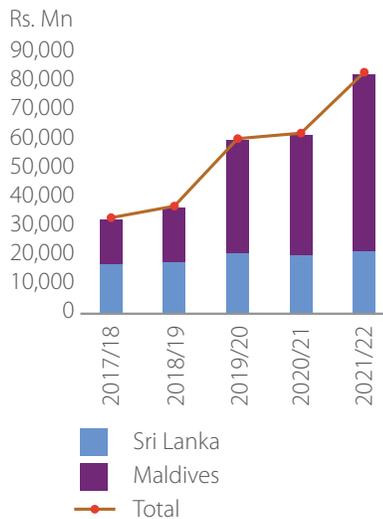
FINANCIAL CAPITAL

GROUP LOSS BEFORE TAX

Rs. 1,297.8 Mn

Cinnamon. As at the end of the year 2022, the Sri Lankan cluster accounted for 18% (2020/21 – 20%) of total liabilities while the Maldives cluster accounted for 82% (2020/21 – 80%) of total liabilities.

Asset Growth



Shareholders' Funds

Shareholders' funds as at the end of March 2022 amounted to Rs. 30,140 Mn, a 23% increase compared to previous year, primarily due to exchange differences arising from translation of foreign operation.

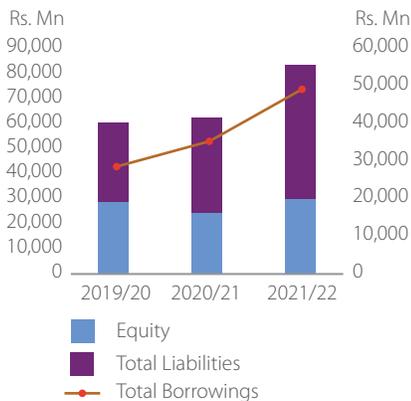
Debt to Equity ratio as at the end of March 2022 was 164% compared to 145% as at the end of March 2021.

Cash Flows

Group reported a positive cash flow from operations of Rs. 330 Mn during the year, an improvement of Rs. 1,328 Mn from last year. During the year, the Group used Rs. 127Mn in investing activities. The Group reported net cash used for financing activities of Rs. 2,122 Mn, primarily due to repayments of debt of Rs. 2,604 Mn, repayment of lease liabilities of Rs. 1,584 Mn, together with the additional debt facilities obtained of Rs. 2,066 Mn.

Due to the savings in capital expenditure and improved operational cash flows the Group managed to reduce the negative cash flow to Rs. 1,919 Mn for the year.

Total Equity and Liabilities



RISK MANAGEMENT

The risk landscape of the Group continues to evolve amidst the lingering impact of the global pandemic, geo-political volatility, and macroeconomic challenges in the domestic economy. We continue to closely monitor these developments to proactively identify risks and opportunities and respond with mitigatory action and risk responses that drive resilience and sustainable value to our stakeholders.

Enterprise Risk Management

The Group recognises that conducting business carries a level of risk and uncertainty. Effective risk management is vital to deliver our objectives and achieve success through sustainable growth. In assessing risks, the Group is required to identify existing and emerging risk factors that may have an impact on its business under each headline risk. A solid risk management framework that facilitates segregation of responsibilities, objective oversight by the Board and high levels of risk awareness by business owners, ensures that the Company effectively identifies, measures and monitors risks across its portfolio of hotels and resorts.

Risk Governance

The Board bears ultimate responsibility for managing risk and is assisted in the discharge

of duties by the Audit Committee which has oversight responsibility for matters relating to risk and internal control. The John Keells Group Business Process Review (BPR) Division together with the outsourced Internal Auditors support the Audit Committee in performing its role of assurance through regular reviews and recommendations on the robustness of the internal control systems in place. Responsibility for effective execution of risk management at executive level lies with the Sector Risk Management Team

Risk Management Process

Risk management is governed by a formalised framework of risk management policies that ensure that risk management tools and techniques are standardised across properties. Ongoing review, assessment and guidance by the John Keells Group Sustainability and

Enterprise Risk Management (ERM) division ensures alignment with John Keells Holdings PLC (Parent) Risk Management policies.

The risk management process is carried out through an online Enterprise Risk, Audit, and Incident Management platform that maintains a live and dynamic risk register for the Group. The system provides a real time and comprehensive assessment of the Group's risk profile, delivering metrics that support identification and management of material issues and principal risks faster and more proactively. Linked to business goals, it enables informed risk-taking which is critical for entrepreneurship and growth and builds agility and readiness in the face of fast evolving risks.

Risk Management Framework- John Keells Group



RISK MANAGEMENT

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

1. Identification of Types of Risk

Risk Event- Any event with a degree of uncertainty which, if it occurs, may result in the Organisation or Business Unit failing to meet its stated objectives.

Core Sustainability Risks- Core Sustainability Risks are defined as those risks having a catastrophic impact to and from the organisation but may have a very low or nil probability of occurrence.

2. Establishment of a Risk Register with Likelihood of Occurrence and Severity of Impact Using Group guidelines, a risk grid is established for the Company. Every risk is analysed in terms of Likelihood of Occurrence and Severity of Impact and assigned a score ranging from 1 (low probability/impact) to 5 (high probability/ impact) to signify the probability of occurrence and the level of impact to the organisation. Please see Table 1 for further details.

3. Establishment of Level of Risk Based on the values assigned for each individual risk, using the matrix given in Table 1, a level of risk is established by multiplying the Likelihood of Occurrence with Severity of Impact.

Risk Matrix

Table 1 - Guideline for Rating Risk

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

The Colour Matrix implies the following;

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

RISK MANAGEMENT STRATEGY

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

High-level risks or core risks are reviewed by the Sector Risk Management Team headed by the President of the Industry Group as a means of validating the risk process at Business Unit level. The significant risk areas that impact the achievement of the strategic business objectives of the Company and the measures taken to address these risks are discussed below.

	Key Risks	Risk Rating
Operating Environment	Global recession post COVID-19	High
	The lingering impact of COVID-19 and the risk of failing to adapt business models to suit customer behaviours	High
	Geo-political developments	High
	Macro-economic and political environment	Ultra-High
	Threat from terrorism & civil unrest	High
	Changing needs of travellers	High
	Exchange rate risk	Medium
	Inflation risk	High
Financial Risks	Liquidity risk	Low
	Credit risk	Low
Operational Risks	Attraction and retention of skilled employees	High
	Occupational health and safety	Medium
	Brand reputation impact	Medium
	Technology and data risk	Low
Environment Risks	Climate change risk	Low

Impact Key

Ultra High	High	Medium	Low	Insignificant
------------	------	--------	-----	---------------

Operating Environment		
Risk description	Impacted Strategic imperative	Risk responses
<p>Global recession post COVID-19</p> <p>The Group's business has been, and will continue to be, adversely affected by the global outbreak of COVID-19.</p> <p>The volatile global economic conditions stemming from the COVID-19 pandemic, any additional resurgence, or COVID-19 variants could continue to impact the industry.</p>	 OPERATE with Excellence  GROW with Intent	<ul style="list-style-type: none"> • Remain flexible and agile to face recurring outbreaks of the virus • Preserve liquidity through aggressive cost control strategies and reduction in Capital expenditure • Manage the Balance Sheet in order to ensure financial stability • Analyse the cost structure of the operational model and progress towards a variable cost base

RISK MANAGEMENT

Operating Environment		
Risk description	Impacted Strategic imperative	Risk responses
<p>The lingering impact of COVID-19 and the risk of failing to adapt business models to suit customer behaviours</p> <p>While the global vaccination drive has resulted in a decline in infection rates globally, new waves and variants of the pandemic could result in renewed travel restrictions. This has created many uncertainties for the business recovery trajectory. However, opportunities remain for those who can identify the trends, and adjust their business models, and product offerings.</p>	 OPERATE with Excellence  GROW with Intent	<ul style="list-style-type: none"> • Diversification of geographical source markets to have a greater mix of nationalities. • Agile business model • Focus on regional markets • Maintaining health and safety standards in collaboration with regulatory bodies. • Establishment of protocols as per the Business Continuity Plans (BCP)
<p>Geo-political developments</p> <p>Geo-political developments are expected to impact key source markets.</p> <p>Exposure and potential impact from Russian-Ukraine dispute</p>	 GROW with Intent	<ul style="list-style-type: none"> • Proactively implement marketing strategies to pursue other key feeder markets to compensate the impact from Russian and Ukraine markets • Expanding geographical coverage • Preparing contingency plans
<p>Macro-economic and political environment</p> <p>The ongoing macro-economic instability in the domestic economy</p>	 OPERATE with Excellence  GROW with Intent	<ul style="list-style-type: none"> • The Group's senior management play an active role in developing and driving economic policies through active engagement in policy making bodies, consultative committees and trade associations. • Scenario testing and proactively identifying action plan
<p>Threat from terrorism & civil unrest</p> <p>Possible attacks on civilians and economic targets by terrorists may lead to civil unrest and imposition of travel advisories against Sri Lanka.</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • Establishment of protocols as per the Business Continuity Plans (BCP) on action to be taken in such event • Appointment of vigilance officers at each location and establishment of reporting protocols • Establishment of direct link with local intelligence for information on potential risks • Review/Implementation of Emergency Response Plans for armed intrusions/hostage handling/isolation/bomb threat • Establishment of a Central Emergency Response Command Centre to oversee and supervise chainwide response.

Operating Environment		
Risk description	Impacted Strategic imperative	Risk responses
<p>Changing needs of travellers</p> <p>Traveller needs are evolving rapidly post pandemic with travellers increasingly prioritising health and safety and cost-effective holiday experiences. Proactively responding to changing customer preferences and offering a guest experience that meets their needs is essential in increasing customer satisfaction and growing market share</p>	 GROW with Intent	<ul style="list-style-type: none"> • Greater focus on revenue management to predict customer behaviour • Product and rate positioning was refined to correspond with the value proposition of each hotel/resort. • High level of guest engagement through satisfaction surveys, social media platforms and face to face interactions which includes positioning staff with multilingual skills in guest interface areas. • Reassure employee and existing and potential guests of the Group's commitment to safety and wellbeing, through a dedicated page on the Group website. • Reviewing and innovating our experiential offerings to cater to evolving requirements
<p>Exchange rate risk</p> <p>Devaluation of the Rupee is likely to increase operating cost base and finance cost of dollar borrowings.</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • Regular monitoring of fluctuations in exchange rates and hedging the exposure by matching foreign currency earnings and payments • Inclusion of terms in third party agreements to mitigate foreign currency exposure
<p>Inflation risk</p> <p>Inflationary pressures can have a significant impact on our business and operational results.</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • Supply chain management <ul style="list-style-type: none"> - Lock-in short term, medium term, and long term supplier contracts - Expanding supplier base - Build up stocks • Menu re-engineering • Cost saving strategies

RISK MANAGEMENT

Financial Risks		
Risk description	Impacted Strategic imperative	Risk responses
<p>Liquidity risk</p> <p>COVID-19's ongoing impact on the Group's financial performance continues to impact liquidity.</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • Preserving cash flow by reducing cash burn • Pursue long term funding options and minimise capital expenditure
<p>Credit risk</p> <p>Risk of customers defaulting on payments.</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • Stringent credit policy in place. • Evaluation of customer credit worthiness. • Obtaining periodic confirmation of outstanding balances • Regular follow-up on debtors. • Weekly debtors' meetings with Management

Operational Risks		
Risk description	Impacted Strategic imperative	Risk response
<p>Attraction and retention of skilled employees</p> <p>Attraction and retention of skilled employees is an ongoing challenge in the hospitality industry due to employment opportunities both locally and internationally.</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • Explore innovative recruitment and employment models to attract and retain non-traditional cohorts • Communicating Employer Brand Value proposition more effectively to attract and retain new employees • Ongoing investment in talent and competency development • Strengthening rewards and benefit schemes with periodic benchmarking against market remuneration packages. • Talent management and succession planning programmes for critical positions
<p>Occupational health and safety</p> <p>Health and safety compliance has always been a focus of the Group as non-compliance can have a serious impact on business continuity and brand reputation.</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • The Group has in place environmental and health and safety policies. • Introduction of COVID-19 Safety guidelines to all properties and head office as per Cinnamon Care standard. • Vaccination of 29% of employees through organised vaccination drives. • Conduct of periodic audits and addressing of gaps identified through training.

Operational Risks		
Risk description	Impacted Strategic imperative	Risk response
<p>Brand reputation impact</p> <p>Events that could negatively affect reputation and relationships with key stakeholders</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • Training and development of staff • Conduct of compliance audits / brand audits • Brand positioning, development and marketing • Establishment of a Crisis Communication Plan/ Team and Spokesperson
<p>Technology and data risks</p> <p>Increased level of remote working due to COVID-19 pandemic, has increased the risk of cyber threats, making cyber security a priority to ensure no adverse impact on business operations and Group's reputation</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • Well-defined cyber security incident response process addressing the pillars of device, information and user • Training employees and creating staff awareness on the importance of maintaining information security and handling of sensitive information. • Implementation and regular testing and verification of network protection technology

Environment Risks		
Risk description	Impacted Strategic imperative	Risk response
<p>Climate change risks</p> <p>Group's footprint in Sri Lanka and Maldives exposes its businesses to current and emerging climate related risks including natural disasters, deforestation, droughts, global warming, and coral bleaching</p>	 OPERATE with Excellence	<ul style="list-style-type: none"> • Group recognises sustainability as an operational priority and has set long-term environmental goals which include reduction in greenhouse gas emission and reduction in single-use plastics • Promoting biodiversity conservation • Group's commitment to establishing long term goals that focus on reducing resource utilisation and emission • Setting up standards, trainings and monitoring range of environmental indicators including water, energy, waste and carbon footprint • Consider long term climate change impacts in evaluating expansion plans • Promoting awareness among key stakeholders on sustainable operations • Business Continuity Plans including alternate working arrangements and emergency response plans in the event of natural disasters

INVESTOR INFORMATION

Distribution of Shareholders

There were 6,564 registered shareholders as at 31st March 2022 (6,788 as at 31st March 2021) distributed as follows:-

No. of shares held	As at 31st March 2022				As at 31st March 2021			
	No. of Shareholders	%	No. of Shares held	%	No. of Shareholders	%	No. of Shares held	%
1 to 1,000	3,743	57.02	1,341,739	0.09	3,691	54.38	1,354,099	0.09
1,001 to 10,000	1,924	29.31	7,600,648	0.52	2,110	31.08	8,402,576	0.58
10,001 to 100,000	723	11.01	22,297,645	1.53	820	12.08	25,434,927	1.75
100,001 to 1,000,000	143	2.18	39,284,436	2.70	138	2.03	40,618,720	2.79
Over 1,000,000	31	0.48	1,385,622,312	95.16	29	0.43	1,380,336,458	94.79
Total	6,564	100.00	1,456,146,780	100.00	6,788	100.00	1,456,146,780	100.00

Composition of Shareholders

	As at 31st March 2022			As at 31st March 2021		
	No. of Shareholders	No. of Shares held	%	No. of Shareholders	No. of Shares held	%
John Keells Holdings PLC	1	1,169,598,478	80.32	1	1,169,598,478	80.32
Directors & Spouses	-	-	-	-	-	-
Public - Resident						
Institutions	250	186,440,988	12.80	225	173,258,488	11.90
Individuals	6,245	68,085,379	4.68	6,488	82,796,719	5.69
Public - Non Resident						
Institutions	7	23,008,520	1.58	7	20,810,441	1.43
Individuals	61	9,013,415	0.62	67	9,682,654	0.66
Total	6,564	1,456,146,780	100.00	6,788	1,456,146,780	100.00

The percentage of the shares of the Company held by the Public as at 31st March 2022 was 19.68% (31st March 2021 - 19.68%).

Directors and Spouses Shareholdings

	No. of shares held	
	31 March 2022	31 March 2021
Mr. K N J Balendra - Chairman	Nil	Nil
Mr. J G A Cooray	Nil	Nil
Mr. S Rajendra	Nil	Nil
Mr. M R Svensson	Nil	Nil
Mr. J E P Kehelpannala	Nil	Nil
Mr. M H Singhawansa	Nil	Nil
Mr. T L F W Jayasekera	Nil	Nil
Ms. A K Moonesinghe	Nil	Nil
Dr. K Gunasekera	Nil	Nil

Market Information on Ordinary Shares of the Company

	2021/22		2020/21	
		Date		Date
SHARE INFORMATION				
Highest price (Rs.)	17.50	20-01-2022	12.60	08-12-2020
Lowest price (Rs.)	8.90	31-05-2021	5.60	12-05-2020
As at period end (Rs.)	11.70	31-03-2022	9.50	31-03-2021
TRADING STATISTICS				
Number of transactions	18,017		14,213	
Number of shares traded	90,810,292		62,786,421	
Shares traded as a % of total shares in issue	6.24		4.31	
Value of all shares traded (Rs.)	1,173,335,620		593,397,364	
Average daily turnover (Rs.)	4,868,613		2,709,577	
Market capitalisation (Rs.)	17,036,917,326		13,833,394,410	
Float Adjusted Market Capitalisation (Rs.)	3,352,615,133		2,722,208,869	

Top Twenty Shareholders of the Company

Name of the shareholder	31st March 2022		31st March 2021	
	No. of Shares	%	No. of Shares	%
John Keells Holdings PLC	1,169,598,478	80.32	1,169,598,478	80.32
Employees Provident Fund	78,474,454	5.39	78,474,454	5.39
Sri Lanka Insurance Corporation Ltd. - Life Fund	53,655,250	3.68	53,655,250	3.68
Citi Bank New York S/A Norges Bank account 2	20,468,135	1.41	17,380,056	1.19
Mrs. J. M. Blackler	6,514,760	0.45	6,514,760	0.45
DFCC Bank PLC /J N Lanka Holdings Company (Pvt) Ltd	5,061,011	0.35	-	-
People's Leasing & Finance PLC/L.P.Hapangama	4,772,438	0.33	1,677,659	0.12
Mercantile Fortunes (Pvt) Ltd	3,800,000	0.26	3,800,000	0.26
Mr. R. T. Jinasena	2,516,765	0.17	2,516,765	0.17
J N Lanka Holdings Company (Pvt) Ltd	2,500,299	0.17	-	-
People's Leasing & Finance PLC/Sadharitha Capital Trust Ltd	2,446,310	0.17	-	-
DFCC Bank PLC A/C 1	2,395,322	0.16	3,000,000	0.21
Union Assurance PLC-Universal Life Fund	2,385,251	0.16	1,939,088	0.13
Mr. T. R. Jinasena	2,351,568	0.16	2,351,568	0.16
Seylan Bank PLC/ARRC Capital (Pvt) Ltd	2,252,363	0.15	-	-
Mr. K. D. A. Perera	2,195,027	0.15	2,225,027	0.15
Mr. K.D.H. Perera	2,151,155	0.15	1,318,176	0.09
Mr. S.R. Perera	2,015,720	0.14	85,335	0.01
National Savings Bank	2,011,205	0.14	2,011,205	0.14
Mr. U.G. Madanayake	2,000,000	0.14	2,000,000	0.14
TOTAL	1,369,565,511	94.05	1,348,547,821	92.61



driven by
purpose

Financial Information

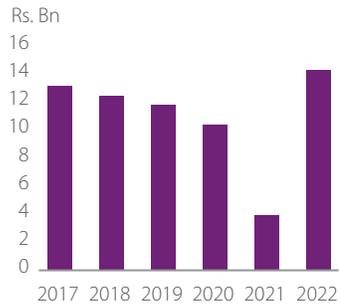
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FINANCIAL CALENDAR

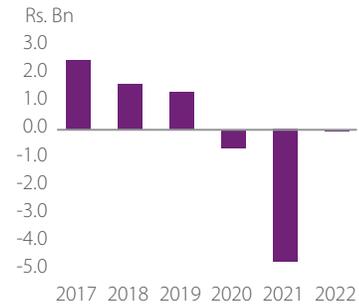
Year ended 31 March	2022	2021
Audited Financial Statements signed on	20 May 2022	13 May 2021
Annual General Meeting	22 June 2022	25 June 2021

Interim Financial Statements	2022	2021
1st Quarter Interim Results released on	21 July 2021	27 July 2020
2nd Quarter Interim Results released on	29 October 2021	29 October 2020
3rd Quarter Interim Results released on	24 January 2022	22 January 2021
4th Quarter Interim Results released on	20 May 2022	13 May 2021

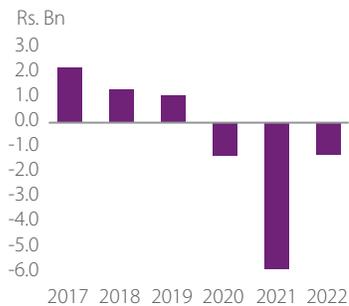
Revenue



Earnings before interest and tax (EBIT)



Profit Before Tax



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ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting the 43rd Annual Report (7th Integrated Annual report) of John Keells Hotels PLC ("Company") together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of John Keells Hotels PLC and its subsidiaries ("Hotels Group") for the year ended 31 March 2022.

The Company was incorporated as a Limited Liability Company in 1979 and listed on the Colombo Stock Exchange (CSE) in 2004. Pursuant to the requirements of the Companies Act, the Company was re-registered and obtained a new Company number PQ 8 in 2007.

CORPORATE CONDUCT AND THE VISION OF THE COMPANY

The business activities of the Company and the Hotels Group are conducted in accordance with the highest levels of ethical standards to achieve the vision - "We Will Always Be The Hospitality Trendsetter".

PRINCIPAL ACTIVITIES

The principal activity of the Company, which is investment, remained unchanged. The principal activities of its subsidiaries, among which hospitality takes a key role, remains unchanged.

ULTIMATE PARENT

The Company's ultimate Parent and controlling entity is John Keells Holdings PLC (JKH), a company incorporated in Sri Lanka and listed on the CSE.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The financial and operational performance, during the year ended 31 March 2022 and future business development of the Company and Hotels Group, is provided in the Chairman's Review and The Management Discussion and Analysis of Operations sections of the Annual Report.

These reports, which form an integral part of this Annual Report of the Board of Directors, together with the Audited Financial Statements, reflect the state of affairs of the Company and the Hotels Group.

CORPORATE GOVERNANCE

Chairman's declaration

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

Directors' declarations

The Directors declare that;

- a) the Company and its subsidiaries have complied with all applicable laws and regulations in conducting its business and that the Company has not engaged in any activity, which contravenes applicable laws and regulations.
- b) they have declared all material interests in contracts involving the Company and its subsidiaries and refrained from voting on matters in which they were materially interested.
- c) the Company has made all endeavours to ensure the equitable treatment of shareholders.
- d) the business is a going concern with supporting assumptions or qualification as necessary.
- e) they have conducted a review of internal control covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.
- f) the Company has a Code of Business Conduct and Ethics for Directors and members of the senior management team and that all Directors and members of the senior management team have complied with this Code.
- g) The Company being listed on the CSE is compliant with the rules on Corporate Governance under the Listing Rules of the CSE with regard to the composition of the Board and its Sub-Committees.
- h) The Company is fully compliant with the Code of Best Practice on Corporate Governance (2013) jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Company is compliant with almost the full 2017 Code of Best Practice on Corporate Governance issued by CA Sri Lanka, to the extent of business exigency and as required by the Company, the Hotels Group and the John Keells Group.

Board Evaluation

The Board conducted its annual Board performance appraisal for the financial year 2021/22. This formalised process of individual appraisal enabled each member to self-appraise, on an anonymous basis, the performance of the Board under the areas of:

- Role clarity and effective discharge of responsibilities
- People mix and structures
- Systems and procedures
- Quality of participation
- Board image

The scoring and open comments are collated by an Independent Director, and the results are analysed to give the Board an indication of its effectiveness as well as areas that require addressing and/or strengthening. Despite the anonymity of the remarks, the open and frank discussions that follow include some Directors identifying themselves as the person making the remark, reflecting the openness of the Board. This process has led to an improvement in Board dynamics and its effectiveness.

The Corporate Governance practices of the Company are described on pages 29 to 62 of this Annual Report.

HUMAN RESOURCES

The Company continued to implement appropriate human resource management policies to develop employees and optimise their contribution towards the achievement of corporate objectives. The policies and procedures ensure the equitable treatment of all employees. There were no material issues pertaining to employees and industrial relations during the year under review.

SYSTEM OF INTERNAL CONTROL

The Board has acknowledged their responsibility for the system of internal controls of the Company and its subsidiaries and has implemented an effective and comprehensive system of internal controls, which provide reasonable but not absolute assurance that assets are safeguarded, and that the financial reporting system may be relied upon in the preparation of the Financial Statements. The Audit Committee receives and acts upon the results of internal control reviews carried out by Outsourced Internal Auditors.

RISK MANAGEMENT

The Board confirms that there is an ongoing process for identifying, evaluating, managing, and mitigating any significant risks faced by the Company, that financial, operational and compliance controls have been reviewed. Risk assessment and evaluation for the Company takes place as an integral part of the business and the Board Audit Committee reviews the principal risks and mitigating actions in place regularly. The Board, through the involvement of the Group Business Process Review (GBPR) Division takes steps to gain assurance on the effectiveness of control systems in place. The Head of the GBPR Division has direct access to the Chairman of the Audit Committee. Foreseeable risks that may materially impact the business are disclosed in the Chairman's Review on pages 20 to 23 and Risk Management practices on pages 93 to 99 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board has received assurance from the Board Audit Committee and confirms that the Company has complied with all applicable laws, rules, and regulations in the territories in which it operates.

GOING CONCERN

The Board of Directors, after considering the financial position, operating conditions, regulatory and other factors, and such matters required to be addressed in the Code of Best Practice on Corporate Governance (2013) have a reasonable expectation that the Company, its subsidiaries possess adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

IMPACT OF COVID-19 AND MACROECONOMIC CONDITIONS

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the effects of the prevailing COVID-19 pandemic and macroeconomic conditions and its effects on the Hotels Group and the appropriateness of the use of the going concern basis.

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

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Company and the Hotels Group. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the CSE and the Code of Best Practice on Corporate Governance (2013) issued jointly by the SEC and CA Sri Lanka. The Statement of Directors' Responsibility for financial reporting is given on page 113 and forms an integral part of this Annual Report of the Board of Directors.

REVENUE

The revenue of the Hotels Group from its operations amounted to Rs. 13,355 Mn (2020/21 - Rs. 3,661Mn). The Segment-wise contribution to Hotels Group revenue, results, assets and liabilities are provided in Note 7.1 to the Financial Statements.

FINANCIAL RESULTS

The Company recorded a loss after tax of Rs. 49.6 Mn (2020/21 - loss of Rs. 52.2 Mn), while the Group recorded a consolidated net loss after tax of Rs. 1,216.9 Mn (2020/21 - Rs. 5,119.8Mn) for the year under review. A synopsis of the Company's and Hotels Group's performance is presented below:

In Rs. '000s	Group		Company	
	2022	2021	2022	2021
After making provision for doubtful debts, all known liabilities and depreciation on property, plant and equipment, the profit/(loss) earned before interest was	(62,859)	(4,730,494)	22,012	344
Finance costs during the year was	(1,235,013)	(1,124,063)	(86,056)	(52,600)
Loss before tax was	(1,297,872)	(5,854,557)	(64,044)	(52,256)
From which was (deducted)/reversed the provision for taxation, including the deferred taxation of	80,940	734,749	14,413	(2)
Leaving a net loss after tax of	(1,216,932)	(5,119,808)	(49,631)	(52,258)
The loss attributable to the non-controlling interest was	(14,156)	(23,627)	-	-
The loss attributable to the Company and the Group was therefore	(1,202,776)	(5,096,181)	(49,631)	(52,258)
When the balance brought forward from the previous year was added	3,427,168	8,523,704	3,295,384	3,347,642
The amount available for appropriation was	2,224,392	3,427,523	3,245,753	3,295,384
Other adjustments	71,890	(355)	-	-
Dividend paid during the year	-	-	-	-
Leaving a balance to be carried forward to the next year of	2,296,282	3,427,168	3,245,753	3,295,384

DIVIDENDS

There was no dividend paid for the financial year ended 31 March 2022.

However, if a dividend is declared, it will be preceded by a confirmation from the Board of Directors that the Company satisfies the requirements of Section 56 (2) of the Companies Act No. 7 of 2007 and the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007. The Board will also obtain a certificate from the Auditors, prior to recommending the dividend.

PROVISION FOR TAXATION

The details of the tax provision of the Group are disclosed in Note 17 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 114 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

The book value of property, plant, and equipment as at the reporting date amounted to Rs.32,322Mn (2020/21 - Rs. 27,109Mn) for the Group. Capital expenditure for the Hotels Group amounted to Rs.541Mn (2020/21 - Rs.1,399.8Mn). Details of property, plant and equipment and their movements are given in Note 19 to the Financial Statements.

MARKET VALUE OF PROPERTIES

Freehold land and buildings of the Hotels Group are subject to routine revaluation by independent qualified valuers. The most recent valuation in respect of Hotels Group was carried out as at 31 December 2021. Details of property valuations, including the valuation method and effective date of these valuations are provided in Note 19.2 and Note 21.1 to the Financial Statements.

INVESTMENTS

The details of investments held by the Company and the Hotels Group as at 31 March 2022, are given in Notes 23, 24, and 25 to the Financial Statements.

IMPAIRMENT ASSESSMENT

The Board of Directors has evaluated impairment in relation to property, plant, and equipment, intangible assets, and investments. Based on the assessment the investment made by the Company and the Hotels Group do not warrant any impairment in the year 2021/22 (2020/21- Nil).

STATED CAPITAL

The total Stated Capital of the Company as at 31 March 2022 stood at Rs.9,500.2Mn (2021 - Rs. 9,500.2Mn) divided into 1,456,146,780 Ordinary Shares (2021- 1,456,146,780 Ordinary Shares).

RESERVES

The movement in Other Components of Equity and Revenue Reserves of the Company, its subsidiaries, joint ventures, and associates are shown in the Statement of Changes in Equity on page 121 of this Report.

SEGMENT REPORTING

Geographical segment-wise contribution to the Hotels Group revenue, segment results, assets, and liabilities is provided in Note 7.1 to the Financial Statements.

SHARE INFORMATION AND SHAREHOLDINGS

The market value of an Ordinary Share of the Company as at 31 March 2022 was Rs. 11.70 (31 March 2021 - Rs. 9.50). Information relating to earnings, net assets, and market value per share is given in page 10 of this Report. The number of shareholders as at 31 March 2022 was 6,564 (31 March 2021 - 6,788). An analysis of shareholders based on shares held, the distribution of ownership and details of share transactions during the year are provided on pages 100 and 101 of this Annual Report. The list of top twenty shareholders of the Company as at 31 March 2022 is also provided on page 101 of this Annual Report.

FLOAT ADJUSTED MARKET CAPITALISATION

As at 31 March 2022, Company had a float adjusted market capitalisation of Rs. 3,353Mn and 6,563 public shareholders (19.68% public shareholdings). Therefore, the Company is compliant under option 01 of the minimum threshold requirements for the Diri Savi Board of the CSE, as per sections 7.6 and 7.14.1 (i) (b) of the Listing Rules of the CSE.

EQUITABLE TREATMENT TO ALL SHAREHOLDERS

The Company has made every endeavour to ensure the equitable treatment of all shareholders and has adopted adequate measures to prevent information asymmetry.

INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the CSE in a timely manner.

DIRECTORS

The Board of Directors of the Company as at 31 March 2022 and their brief profiles are given on pages 26 to 28 of this Report. The Board of the Company is comprised of Non-Executive Directors, three of whom are independent. The Board has conducted an annual determination of the independence of the Independent Non- Executive Directors.

In accordance with Article 83 of the Articles of Association of the Company, Mr. M H Singhawansa and Mr. J G A Cooray retire by rotation and being eligible, will offer themselves for re-election at the Annual General Meeting.

Mr. T L F W Jayasekara will retire from the Board of Directors with effect from 22 June 2022.

RESPONSIBILITIES OF THE BOARD

Details of responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the Corporate Governance section of this Annual Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

BOARD SUB-COMMITTEES

Audit Committee

The following Independent Non-Executive Directors of the Board served on the Audit Committee during the financial year ended 31 March 2022:

Mr. T L F W Jayasekara – Chairman*

Dr. K A Gunasekera

Ms. A K Moonesinghe

**Member of a professional accounting body.*

The Audit Committee reviewed the type and quantum of services provided by the external Auditors to the Company and the Hotels Group to ensure that their independence as Auditors has not been impaired. The Report of the Audit Committee is given on page 63 of this Annual Report.

Human Resources and Compensation Committee

As permitted by the Listing Rules of the CSE, the Human Resources and Compensation Committee of John Keells Holdings PLC (JKH), the Parent Company, functions as the Human Resources and Compensation Committee of the Company.

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

Mr. D A Cabraal - Chairman

Mr. M A Omar

Dr. S S H Wijayasuriya

The Report of the Human Resources and Compensation Committee and the remuneration policy of the Company are detailed in the Corporate Governance Report on page 39 and page 65 of this Annual Report.

The aggregate remuneration paid to the Non-Executive Directors is contained on in Note 16 to the Financial Statements.

Nominations Committee

Nominations Committee of the Parent Company, JKH functions as the Nominations Committee of the Company.

The Report, mandate and the scope of the Nominations Committee is set out on page 40 and page 66 of this Annual Report.

The Nominations Committee members of JKH are as follows;

Mr. M A Omar - Chairman

Ms. M P Perera

Dr. S S H Wijayasuriya

Mr. K N J Balendra

Related Party Transactions Review Committee

Related Party Transactions Review Committee of the Parent Company JKH, as permitted by the listing rules of the CSE, functions as Related Party Transactions Review Committee of the Company and conforms to the requirements of the Listing Rules of the CSE.

The Related Party Transactions Review Committee members of JKH are as follows;

Ms. M P Perera – Chairperson

Mr. A N Fonseka

Mr. D A Cabraal

The Report, mandate and the scope of the Related Party Transactions Review Committee is set out on page 40 and page 67 of this Annual Report. Disclosures pertaining to Related Party transactions are contained on page 183 of this Annual Report.

Project Risk Assessment Committee

The Project Risk Assessment Committee of the parent company, JKH, functions as the Project Risk Assessment Committee of the Company and its subsidiaries.

The Project Risk Assessment committee members of JKH are as follows;

Dr. S S H Wijayasuriya - Chairman

Mr. K N J Balendra

Mr. J G A Cooray

Ms. M P Perera

The Report, mandate and the scope of the Project Risk Assessment Committee is set out on page 41 of this Annual Report

DIRECTORS' SHAREHOLDINGS

The shares held by Directors and their spouses in the Company as at 31 March 2022 and 2021 are as follows:

	31 March 2022	31 March 2021
Mr. K N J Balendra - Chairman	Nil	Nil
Mr. J G A Cooray	Nil	Nil
Mr. S Rajendra	Nil	Nil
Mr. M R Svensson	Nil	Nil
Mr. J E P Kehelpannala	Nil	Nil
Mr. M H Singhawansa	Nil	Nil
Mr. T L F W Jayasekara	Nil	Nil
Ms. A K Moonesinghe	Nil	Nil
Dr. K Gunasekera	Nil	Nil

The shares held by Directors and their spouses in the Group companies as at 31 March 2022 and 2021 are as follows:

	31 March 2022	31 March 2021
International Tourists & Hoteliers Ltd		
Mr. J E P Kehelpannala	150	150

INTERESTS REGISTER

The Company has maintained an Interests Register as contemplated by the Companies Act No. 7 of 2007. In compliance with the requirements of the Companies Act No. 7 of 2007, this Annual Report also contains particulars of entries made in the interest registers of subsidiaries and joint ventures which are Public Companies or Private Companies and have not dispensed with the requirement to maintain an interest register as permitted by Section 30 of the Companies Act No. 7 of 2007. The Interest Register is available at the Registered office of the Company, in keeping with the requirement of the Section 119 (1) (d) of the Companies Act No. 07 of 2007.

Particulars of entries in the Interests Register for the Financial Year 2021/22 are as follows.

a. Directors Interests in Contracts

All the Directors have made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act No. 7 of 2007 and no additional interests have been disclosed by any Director.

b. Share Dealings

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

c. Indemnities and Directors' Remuneration

Details of the remuneration and other benefits received by the Directors of the Company, its subsidiaries and joint ventures are set out in Note 16 to the Financial Statements. While any Executive Director's remuneration is determined by the Human Resources and Compensation Committee of JKH, the parent company, the remuneration of the Non-Executive Directors is determined according to scales of payment decided upon by the Board. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness to the Company.

DIRECTORS MEETINGS

Details of the meetings of the Directors are given on page 34.

EMPLOYMENT

The Company has an equal opportunity policy, and these principles are adhered in specific selection, training, development, and promotion policies, ensuring that all decisions are based on merit. The Hotels Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability. There were no material issues pertaining to employees and industrial relations in the year under review. The number of persons employed by the Hotels Group as at 31 March 2022 was 2,358 (2021 - 2,062).

EMPLOYEE SHARE OPTION SCHEME (ESOP)

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the parent company, JKH. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge, are satisfied that all statutory payments in relation to the Government and the employees have been either duly paid or appropriately provided for. The income tax position of the Company and its subsidiaries are disclosed in Note 17 to the Financial Statements.

OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company Lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

SUPPLIER POLICY

The Company applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers and endeavours to pay for all items properly charged in accordance with these agreed terms. As at 31 March 2022, the trade and other payable of the Group amounted to Rs. 1,652Mn (2021 - Rs. 1,133Mn) and for the Company amounted to Rs.11Mn (2021 - Rs. 10Mn).

ANNUAL REPORT OF THE BOARD OF DIRECTORS

SUSTAINABILITY REPORTING

The Hotels Group is conscious of the impact, direct and indirect, on the environment due to its business activities. Every endeavour is made to minimise the adverse effects on the environment to ensure sustainable continuity of our natural resources.

DONATIONS

Total donations made by the Hotels Group during the year amounted to Rs. 2.8Mn (2020/21 - Rs. 1Mn). Donations made by Subsidiaries of the Company were as follows: Ceylon Holiday Resorts Ltd - Rs. 26,041/- (2020/21 - Rs. 4,500/-), Habarana Lodge Ltd - Rs. 9,325/- (2020/21 - Rs. 42,160/-), Habarana Walk Inn Ltd - Rs. 72,875/- (2020/21 - Rs. 17,401/-), Kandy Walk Inn Ltd - Rs. 19,502/- (2020/21 - Rs. 14,330/-), Trinco Holiday Resorts (Pvt) Ltd - Rs. 55,218/- (2020/21 - 53,517/-), Hikkaduwa Holiday Resorts (Pvt) Ltd - Rs. 218,497/- (2020/21 - Rs. 209,677/-), Yala Village (Pvt) Ltd - Rs. 21,283/- (2020/21 - Rs. 169,981/-), Beruwala Holiday Resorts (Pvt) Ltd - Rs. 160,086/- (2020/21 - Rs. 35,447/-), Cinnamon Holidays Pvt Ltd - Rs. 62,967/- (2020/21 - Nil), Travel Club (Pte) Ltd - Rs. 411,630/- (2020/21 - Nil), Fantasea World Investments (Pte) Ltd - Rs. 911,068/- (2020/21 - Nil) and Tranquility (Pte) Ltd - Rs. 905,559/- (2020/21 - Rs. 507,608/-).

AUDITORS

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence, and relationship with the Company, including the level of audit. As far as the Directors are aware, the Auditors, Messrs. Ernst & Young, Chartered Accountants, do not have any relationship or interest in the Company, its subsidiaries, or joint ventures.

Messrs. Ernst & Young, Chartered Accountants have indicated their willingness to continue as Auditors of the Company, accordingly, a resolution proposing their reappointment as Auditors will be proposed at the Annual General Meeting. Details of the Audit Fees paid to the Auditors are set out in Note 16 of the Financial Statements. Further details of the work of the Auditor and the Audit Committee are set out in the Audit Committee Report on pages 63 and 64.

ANNUAL REPORT

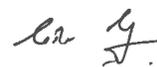
The audited consolidated Financial Statements for the financial year ended 31 March 2022 were approved for issue by the Board of Directors on 20 May 2022. The appropriate number of copies of this Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held as a virtual meeting on 22 June 2022, details of which are found on the Notice of Meeting.



K N J Balendra
Chairman



J G A Cooray
Director



By Order of the Board
Keells Consultants Pvt Ltd
Secretaries

20 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements of John Keells Hotels PLC (Company) and the Consolidated Financial Statements of the Company and its subsidiaries, is set out in this Statement. This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements contained in this Annual Report.

As per the provisions of the Companies Act No. 07 of 2007 (Companies Act) the Directors are required to prepare, for each financial year and place before a general meeting, financial statements which comprise of:

- The Income statement and statement of comprehensive income of the Company and its subsidiaries, which present a true and fair view of the financial performance, of the Company and its subsidiaries for the financial year; and
- a Statement of financial position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries at the end of the financial year:

The Directors have ensured that the financial statements of the Company and of the subsidiaries for the year ended 31 March 2022 presented in the Report have been prepared:

- using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained.
- in accordance with the Sri Lanka Accounting and Auditing Standards (Act No. 15 of 1995); and that reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- provide the information required by and otherwise comply with the Companies Act, the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice on Corporate Governance (2013) issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC) and the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka.

The Directors have ensured that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Additionally, the Board of Directors have a responsibility to

- ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of the Hotels Group; and

- take all reasonable steps to safeguard the assets of the Company and of its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities

The Board of Directors have taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of record, which reflect the transparency of transactions and provide a reasonable accuracy of the financial position of the Company and its subsidiaries.

Further, as required by Section 56(2) of the Companies Act, and based on the information available, the Board of Directors have confirmed that the Company has satisfied the solvency test immediately after the distribution of any dividends in accordance with Section 57 of the Companies Act and have obtained a certificate from the auditors, prior to declaring such dividends.

The Board of Directors is required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give an independent Auditors' Report.

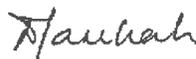
The Board of Directors is of the view that they have discharged their responsibilities as set out in this Statement.

The Board of Directors approved the Annual Report on 20 May 2022. The appropriate number of copies will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

COMPLIANCE REPORT

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and the subsidiaries, and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory obligations as were due and payable by the Company and its subsidiaries as at the reporting date, have been paid or provided for, except as specified in Note 42 to the Financial Statements covering Contingent Liabilities. The Board of Directors confirms that the Company and its subsidiaries have complied with the Para 23 of the LKAS 24, and all related party transactions are carried out at "arm's length" basis.

By Order of the Board



Keells Consultants (Pvt) Ltd
Secretaries

20 May 2022

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
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TO THE SHAREHOLDERS OF JOHN KEELLS HOTELS PLC

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of John Keells Hotels 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 2022, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent

of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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 the auditors' 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 Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter

How our audit addressed the key audit matter

01. Assessment of fair value of land and buildings

Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. The fair values of land and buildings were determined by an external valuer engaged by the Group.

This was a key audit matter due to:

- Materiality of the reported land & buildings balances which amounted to Rs. 29,622 Mn and which represent 35% of the total assets
- the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings such as reliance on comparable market transactions, and current market conditions

Key areas of significant judgements, estimates and assumptions used in the valuation of the land and buildings included the following:

- Estimate of per perch value of the land
- Estimate of the per square foot value of the buildings

Our audit procedures were based on the best available information as at date of our report and focused on the valuations performed by the external valuer engaged by the Group. Our procedures included the following.

- We assessed the competency, capability and objectivity of the external valuer engaged by the Group.
- We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property
- We assessed the reasonableness of the significant judgements made by the valuer and valuation techniques, per perch price and value per square foot used by the valuer in the valuation of each property.
- We have also assessed the adequacy of the disclosures made in notes 19 and 21 to the financial statements relating to the significant judgements, valuation techniques and estimates used by the external valuer.

02. Compliance with interest bearing loan covenants

As disclosed in note 33, the Group reported total interest-bearing borrowings of Rs. 20,177 Mn, of which Rs. 3,711 Mn is reported as current liabilities and the balance Rs. 16,466 Mn as non-current liabilities.

Interest bearing borrowings was a key audit matter due to the existence of numerous financial and non-financial covenants, which could impact the current, non-current classification of interest bearing borrowings.

Our audit procedures included amongst others the following:

- We obtained an understanding of the covenants attached to borrowings, by perusing the loan agreements.
- We assessed the design and operating effectiveness of controls implemented for, evaluating, timely reporting and monitoring on covenant compliances in relation to interest bearing borrowings.
- We evaluated the Management's statements of compliance with loan covenants of the Group as of 31 March 2022.

Other information included in the Group's 2021/22 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The 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 on this regard.

INDEPENDENT AUDITORS' REPORT

Responsibilities of management and those charged with governance

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

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

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

Auditors' responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgement 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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

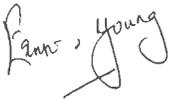
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 2097.



20 May 2022
Colombo

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

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

INCOME STATEMENT

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2022	2021	2022	2021
Revenue from contracts with customers	13	13,354,724	3,660,539	-	-
Cost of sales		(4,997,121)	(2,130,666)	-	-
Gross profit		8,357,603	1,529,873	-	-
Other operating income	14.1	116,201	60,615	21,717	14,874
Administrative expenses		(6,894,569)	(5,478,673)	(18,673)	(18,484)
Distribution expenses		(584,392)	(276,472)	-	-
Other operating expenses	14.2	(1,185,195)	(612,332)	(322)	(178)
Results from operating activities		(190,352)	(4,776,989)	2,722	(3,788)
Finance costs	15	(1,235,013)	(1,124,063)	(86,056)	(52,600)
Finance income	15	20,769	33,317	19,290	4,132
Change in fair value of investment properties	21.1	104,950	16,250	-	-
Share of results of equity accounted investees (net of tax)	24.1	1,774	(3,072)	-	-
Loss before tax	16	(1,297,872)	(5,854,557)	(64,044)	(52,256)
Tax reversal/(expense)	17.1	80,940	734,749	14,413	(2)
Loss for the year		(1,216,932)	(5,119,808)	(49,631)	(52,258)
Attributable to :					
Equity holders of the parent		(1,202,776)	(5,096,181)		
Non-controlling interests		(14,156)	(23,627)		
		(1,216,932)	(5,119,808)		
		Rs.	Rs.	Rs.	Rs.
Earnings/(Loss) per share - Basic/Diluted	18	(0.83)	(3.50)	(0.03)	(0.04)

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 124 to 189 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2022	2021	2022	2021
Loss for the year		(1,216,932)	(5,119,808)	(49,631)	(52,258)
Other comprehensive income					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Exchange differences on translation of foreign operations		6,019,111	596,257	-	-
Net other comprehensive income to be reclassified to income statement in subsequent periods		6,019,111	596,257	-	-
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Revaluation of land and buildings	19.1	1,056,421	111,798	-	-
Net gain/(loss) on equity instruments at fair value through other comprehensive income		(4,739)	(4,739)	(1)	(2)
Re-measurement gain/(loss) on defined benefit plans	34.1	(9,176)	(116)	-	-
Net other comprehensive income not to be reclassified to income statement in subsequent periods		1,042,506	106,943	(1)	(2)
Tax on other comprehensive income	17.2	(135,464)	(24,517)	-	-
Other comprehensive income for the year, net of tax		6,926,153	678,683	(1)	(2)
Total comprehensive income for the year, net of tax		5,709,221	(4,441,125)	(49,632)	(52,260)
Attributable to:					
Equity holders of the parent		5,714,379	(4,418,394)		
Non-controlling interests		(5,158)	(22,731)		
		5,709,221	(4,441,125)		

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 124 to 189 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March In Rs. '000s	Note	Group		Company	
		2022	2021	2022	2021
ASSETS					
Non-current assets					
Property, plant and equipment	19.1	32,322,034	27,108,615	-	-
Right-of-use assets	20.1.1	40,683,891	28,432,037	-	-
Investment properties	21.1	1,768,900	1,663,950	-	-
Intangible assets	22.1	670,407	670,407	-	-
Investment in subsidiaries	23.1	-	-	12,688,540	12,682,683
Investment in equity accounted investees	24	775,935	773,411	766,822	766,072
Non-current financial assets	25	173,800	180,034	5	6
Deferred tax assets	17.5.1	1,375,526	909,050	10,368	-
Other non-current assets	26	527	872	-	-
		77,771,020	59,738,376	13,465,735	13,448,761
Current assets					
Inventories	27.1	418,753	258,005	-	-
Trade and other receivables	28	2,676,221	439,076	-	-
Amounts due from related parties	39.1	63,597	8,636	3,525	4,530
Other current assets	29	860,318	703,035	-	-
Short term investments	30	54,987	151,201	672	-
Cash in hand and at bank		1,677,692	1,177,140	405,044	393,477
		5,751,568	2,737,093	409,241	398,007
Total assets		83,522,588	62,475,469	13,874,976	13,846,768
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	31.1	9,500,247	9,500,247	9,500,247	9,500,247
Revenue reserves		2,296,282	3,427,168	3,245,753	3,295,384
Other components of equity	31.2	18,244,432	11,398,724	(8)	(7)
		30,040,961	24,326,139	12,745,992	12,795,624
Non-controlling interests		99,428	104,587	-	-
Total equity		30,140,389	24,430,726	12,745,992	12,795,624
Non-current liabilities					
Interest-bearing loans and borrowings	33.1	16,466,986	13,240,350	1,104,926	1,020,560
Lease liabilities	20.1.2	19,659,970	14,983,915	-	-
Deferred tax liabilities	17.5.2	687,782	657,548	-	-
Employee benefit liability	34	239,945	219,566	-	-
Other deferred liabilities	35	50,484	58,632	-	-
Non-current financial liabilities	36	73,760	53,205	-	-
		37,178,927	29,213,216	1,104,926	1,020,560
Current liabilities					
Trade and other payables	37	1,652,430	1,133,218	10,993	10,456
Amounts due to related parties	39.2	259,788	98,670	1,276	3,121
Other current liabilities	38	1,100,161	428,071	-	-
Income tax liabilities	17.4	121,888	69,176	10,368	14,413
Interest-bearing loans and borrowings	33.1	3,710,639	1,922,745	1,421	2,594
Lease liabilities	20.1.2	2,947,669	1,131,749	-	-
Bank overdrafts		6,410,697	4,047,898	-	-
		16,203,272	8,831,527	24,058	30,584
Total equity and liabilities		83,522,588	62,475,469	13,874,976	13,846,768

I certify that the financial statements comply with the requirements of the Companies Act, No. 7 of 2007.

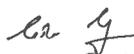


C L P Gunawardane
Chief Financial Officer

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



K N J Balendra
Chairman



J G A Cooray
Director

The accounting policies and notes as set out on pages 124 to 189 form an integral part of these financial statements.

20 May 2022
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Equity Holders of the Parent									
	Stated capital	Revaluation reserve	Foreign currency translation reserve	Employee Share Option Plan reserve	Fair value reserve of financial assets at FVOCI*	Revenue reserves	Total	Non-controlling interest	Total equity	
In Rs. '000s										
As at 01 April 2020	9,500,247	4,952,513	5,709,032	59,584	(5)	8,523,704	28,745,075	127,318	28,872,393	
Loss for the year	-	-	-	-	-	(5,096,181)	(5,096,181)	(23,627)	(5,119,808)	
Other comprehensive income	-	86,566	596,257	-	(4,681)	(355)	677,787	896	678,683	
Total comprehensive income	-	86,566	596,257	-	(4,681)	(5,096,536)	(4,418,394)	(22,731)	(4,441,125)	
Share based payment reversal	-	-	-	(542)	-	-	(542)	-	(542)	
As at 31 March 2021	9,500,247	5,039,079	6,305,289	59,042	(4,686)	3,427,168	24,326,139	104,587	24,430,726	
Loss for the year	-	-	-	-	-	(1,202,776)	(1,202,776)	(14,156)	(1,216,932)	
Other comprehensive income	-	910,468	6,019,111	-	(4,681)	(7,743)	6,917,155	8,998	6,926,153	
Total comprehensive income	-	910,468	6,019,111	-	(4,681)	(1,210,519)	5,714,379	(5,158)	5,709,221	
Share based payment reversal	-	-	-	443	-	-	443	(1)	442	
Transfer to revenue reserves	-	(79,633)	-	-	-	79,633	-	-	-	
As at 31 March 2022	9,500,247	5,869,914	12,324,400	59,485	(9,367)	2,296,282	30,040,961	99,428	30,140,389	
COMPANY										
In Rs. '000s										
As at 01 April 2020	9,500,247	-	-	-	-	9,500,247	(5)	3,347,642	12,847,884	
Loss for the year	-	-	-	-	-	-	-	(52,258)	(52,258)	
Other comprehensive income	-	-	-	-	-	-	(2)	-	(2)	
Total comprehensive income	-	-	-	-	-	-	(2)	(52,258)	(52,260)	
As at 31 March 2021	9,500,247	-	-	-	-	9,500,247	(7)	3,295,384	12,795,624	
Loss for the year	-	-	-	-	-	-	-	(49,631)	(49,631)	
Other comprehensive income	-	-	-	-	-	-	(1)	-	(1)	
Total comprehensive income	-	-	-	-	-	-	(1)	(49,631)	(49,632)	
As at 31 March 2022	9,500,247	-	-	-	-	9,500,247	(8)	3,245,753	12,745,992	

*Fair value through other comprehensive income

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 124 to 189 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2022	2021	2022	2021
Cash flows from/(used in) Operating Activities					
Operating profit/(loss) before working capital changes	A	3,309,219	(1,465,232)	2,953	(3,727)
(Increase)/decrease in inventories		(158,640)	44,962	-	-
(Increase)/decrease in trade and other receivables		(3,419,655)	821,641	-	-
(Increase)/decrease in other current assets		(211,636)	291,075	-	799
(Increase)/decrease in amounts due from related parties		(54,961)	54,565	1,005	6,195
Increase/(decrease) in amounts due to related parties		161,118	(32,749)	(1,845)	607
Increase/(decrease) in other current liabilities		692,644	94,434	-	-
Increase/(decrease) in trade and other payables		519,210	(337,325)	537	(3,567)
Cash generated from/(used in) Operations		837,299	(528,629)	2,650	307
Finance costs paid		(495,849)	(474,249)	(89)	(32,158)
Finance income received		20,769	33,317	19,290	4,132
Tax paid		(10,203)	(5,880)	-	(796)
Gratuity paid		(21,777)	(22,089)	-	-
Net Cash Flows from/(used in) Operating Activities		330,239	(997,530)	21,851	(28,515)
Cash Flows used in Investing Activities					
Purchase and construction of property, plant and equipment		(541,187)	(1,399,861)	-	-
Proceeds from sale of property, plant and equipment		374,191	37,441	-	-
(Investment)/withdrawal in short term investments (net)		39,384	(30,208)	-	-
(Purchase)/disposal of non-current financial assets (net)		1,495	1,720	-	-
Increase in interest in subsidiaries		-	-	(5,857)	(3,845)
Increase in interest in equity accounted investees		(750)	(132,075)	(750)	(132,075)
Net Cash Flows used in Investing Activities		(126,867)	(1,522,983)	(6,607)	(135,920)
Cash Flows from/(used in) Financing Activities					
Repayment of loans given to related parties		-	-	250,000	-
Loans granted to related parties		-	-	(250,000)	-
Repayments of bank borrowings	33.1	(2,603,751)	(2,426,512)	(3,005)	-
Repayment of lease liability	20.1.2	(1,585,548)	(845,089)	-	-
Proceeds from borrowings	33.1	2,066,850	5,047,683	-	1,002,651
Net Cash Flows from/(used in) Financing Activities		(2,122,449)	1,776,082)	(3,005)	1,002,651)
Net Increase/(decrease) in Cash and Cash Equivalents		(1,919,077)	(744,431)	12,239	838,216)
Cash and Cash Equivalents at the beginning of the year		(2,784,323)	(2,039,892)	393,477	(444,739)
Cash and Cash Equivalents at the end of the year		(4,703,400)	(2,784,323)	405,716	393,477)
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Short term investments (less than 3 months)	30	29,605	86,435	672	-
Cash in hand and at bank		1,677,692	1,177,140	405,044	393,477
Bank overdrafts		(6,410,697)	(4,047,898)	-	-
Total cash and cash equivalents		(4,703,400)	(2,784,323)	405,716	393,477)

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

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 124 to 189 form an integral part of these financial statements.

For the year ended 31 March		Group		Company	
In Rs. '000s	Note	2022	2021	2022	2021
A					
Operating profit/(loss) before working capital changes					
Loss before tax		(1,297,872)	(5,854,557)	(64,044)	(52,256)
Adjustments for;					
Depreciation of property, plant and equipment	19.1	1,732,381	1,658,669	-	-
Provision for employee benefit costs		32,980	45,066	-	-
Share based payment expense/(reversal)	32	443	(542)	-	-
Depreciation of right-of-use assets	20.1.1	1,621,408	1,477,219	-	-
Finance costs	15	1,235,013	1,124,063	86,056	52,600
Amortisation of transaction cost on interest-bearing borrowings	33.1	4,468	159	231	61
Amortisation of grant received		-	(389)	-	-
Finance income	15	(20,769)	(33,317)	(19,290)	(4,132)
(Profit)/loss on sale of property, plant and equipment	14.1	(77,757)	7,517	-	-
Share of results of equity accounted investees	24.1	(1,774)	3,072	-	-
Provision/(reversal) for slow moving inventories		(2,108)	(6,289)	-	-
Provision for impairment losses		8,291	100,585	-	-
Change in fair value of investment properties	21.1	(104,950)	(16,250)	-	-
Unrealised (gain)/loss on foreign exchange (net)		179,465	29,762	-	-
Operating profit/(loss) before working capital changes		3,309,219	(1,465,232)	2,953	(3,727)

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 124 to 189 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Corporate and Group Information

1 Corporate Information

Reporting entity

John Keells Hotels PLC is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2.

Ordinary shares of the Company are listed on the Colombo Stock Exchange.

In the Director's opinion, the Company's ultimate parent undertaking is John Keells Holdings PLC, which is a Company incorporated in Sri Lanka.

Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2022, comprise of "the Company" referring to John Keells Hotels PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

Approval of Financial Statements

The Financial Statements for the year ended 31 March 2022 were authorised for issue by the Directors on 20 May 2022.

Principal activities and nature of operations of the holding Company

John Keells Hotels PLC, the Group's holding Company, manages a portfolio of holdings, consisting of hoteliering business, which together constitute the John Keells Hotels Group.

Responsibility for Financial Statements

The responsibility of the Board of Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility on page 113 of the Annual Report.

Statement of compliance

The Financial Statements which comprise of the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

2 Group Information

Subsidiaries, associate and joint venture

The Companies within the Group are shown in the Group structure on pages 205 to 208.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

Basis of Preparation & Other Significant Accounting Policies

3 Basis of Preparation

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and buildings, and equity instruments at fair value through other comprehensive income that have been measured at fair value.

Offsetting

Assets and liabilities income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

Going Concern

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

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

The Group's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with most of the businesses reaching pre COVID-19 levels of operations post the easing of restrictions. The management has formed judgement that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the

prevailing foreign exchange market limitations, and the current economic conditions pandemic have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

Presentation and functional currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following subsidiaries are using United States Dollar (USD) as its functional currency;

- Fantasea World Investments (Pte) Ltd
- John Keells Maldivian Resorts (Pte) Ltd
- Tranquility (Pte) Ltd
- Travel Club (Pte) Ltd

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

All values are rounded to the nearest Rupees thousand (Rs. '000) except when otherwise indicated.

The significant accounting policies are discussed with relevant individual notes.

The share of results of equity accounted investees in the income statement and other comprehensive income statement are shown net of all related taxes.

The indicative US Dollar Financial Statements on pages 193 to 195 do not form part of the Financial Statements prepared in accordance with SLFRS/LKAS.

Comparative information

The presentation and classification of the Financial Statements of the previous year has been amended, where relevant for better presentation and to be comparable with those of the current year.

4 Summary of Significant Accounting Policies

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently by the Group.

Other significant accounting policies not covered with individual notes

Following accounting policies which have been applied consistently by the Group, are considered to be significant but are not covered in any other sections.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- expected to be 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 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
- there is no unconditional right 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 respectively.

Foreign currency translation, foreign currency transactions and balances

The consolidated financial statements are presented in Sri Lankan Rupees (LKR), which is the Company's functional and presentation currency.

The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

NOTES TO THE FINANCIAL STATEMENTS

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are translated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

Foreign operations

The Statement of Financial Position and Income Statement of overseas subsidiaries which are deemed to be foreign operations are translated to Sri Lankan Rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period, respectively.

The Exchange rates applicable during the period were as follows:

	Reporting Date		Income Statement	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
US Dollar	305.00	200.30	208.34	189.02

The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the Income Statement.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition, as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

5 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Statements of the Group require the management to make judgements, estimates and assumptions, which may affect the amounts of income,

expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the Consolidated Financial Statements have been discussed in the individual notes of the related Financial Statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The Group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

- Valuation of property, plant and equipment and investment properties
- Impairment of non-financial assets
- Share based payments
- Taxes
- Employee benefit liability
- Provision for expected credit losses of trade receivables and contract assets
- Leases - Estimating the incremental borrowing rate
- Going Concern basis

The Group performed impairment testing for non-current assets with the indicators of impairment in accordance with the accounting policies stated in Note 19 Property, Plant and equipment, Note 20.1.1 Right of use assets, Note 21 Investment property and Note 22 Intangible assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amounts of cash generating units are the higher

of asset's fair value less costs of disposals and value in use. These calculations require the use of estimates, assumptions and judgements. Value in use calculations were based on cash flow projections as at 31 March 2022. The cash flow projections are derived from the approved business plans and assumptions. The key assumptions used in determining the value in use calculations were - occupancy rates, room revenue, food revenue and beverage revenue. The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

The Group assesses the fair value of its property, plant and equipment and investment property based on valuations determined by independent qualified valuers' best estimate based on the market conditions that prevailed, which in the valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

In view of the cash flow projections, no provision for impairment losses is considered necessary after reviewing the impairment assessment.

6 Changes in Accounting Standards and Standards Issued but not yet Effective

6.1 Changes in accounting standards

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

Amendments to SLFRS 16 COVID-19 Related Rent Concessions beyond 30th June 2021

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions, arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The group has applied practical expedient for COVID-19 related rent concessions which have been extended up to June 2022.

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

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

6.2 Standards issued but not yet effective

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

- Amendments to LKAS 1: Classification of liabilities as Current or Non-current.
- Amendments to SLFRS 3: Reference to the Conceptual Framework.
- Amendments to LKAS 16 : Property, Plant & Equipment - Proceeds before Intended use
- Amendments to LKAS 37 : Onerous Contracts - Cost of Fulfilling a Contract.

7 Operating Segment Information

Accounting Policy

The Group's segments are determined based on the Group's geographical spread of operations.

The Group's internal organisation and management is structured based on the Group's geographical spread of operations. The geographical analysis of turnover and profits are based on the location of the operations.

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group.

No operating segments have been aggregated to form reportable operating segments. An individual segment manager is determined for each operating segment and the results are regularly reviewed by the Board of Directors. The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the operating segments' information, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are carried out in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

7.1 Business segments

The following tables present revenue, profit information, assets and liabilities based on the Group's operating segments.

For the year ended 31 March In Rs. '000s	Sri Lanka		Maldives		Group	
	2022	2021	2022	2021	2022	2021
Disaggregation of revenue - Timing of revenue recognition						
Services transferred over time	2,921,384	957,799	10,734,712	2,850,613	13,656,096	3,808,412
Less: inter segment revenue	(30,501)	(3,197)	(270,871)	(144,676)	(301,372)	(147,873)
Net segment revenue from contracts with customers	2,890,883	954,602	10,463,841	2,705,937	13,354,724	3,660,539
Segment results	(1,246,609)	(2,136,942)	940,056	(2,700,662)	(306,553)	(4,837,604)
Other operating income	81,622	2,617	34,579	57,998	116,201	60,615
Finance costs	(495,919)	(389,979)	(739,094)	(734,084)	(1,235,013)	(1,124,063)
Finance income	20,769	33,317	-	-	20,769	33,317
Change in fair value of investment properties	104,950	16,250	-	-	104,950	16,250
Share of results of equity accounted investees	1,774	(3,072)	-	-	1,774	(3,072)
Profit/(Loss) before tax	(1,533,413)	(2,477,809)	235,541	(3,376,748)	(1,297,872)	(5,854,557)
Tax reversal/(expense)	138,226	222,746	(57,286)	512,003	80,940	734,749
Profit/(Loss) for the year	(1,395,187)	(2,255,063)	178,255	(2,864,745)	(1,216,932)	(5,119,808)
Assets						
Segment assets	21,617,874	20,056,179	61,234,307	41,748,883	82,852,181	61,805,062
Goodwill					670,407	670,407
Total assets					83,522,588	62,475,469
Liabilities						
Segment liabilities	9,682,905	7,631,847	43,699,294	30,412,896	53,382,199	38,044,743
Total liabilities					53,382,199	38,044,743
Other Information						
Purchase and construction of property, plant and equipment	311,267	680,578	203,304	773,426	514,571	1,454,004
Depreciation of property, plant and equipment	663,187	652,930	1,069,194	1,005,739	1,732,381	1,658,669
Addition to right-of-use assets	-	2,956	-	2,310,831	-	2,313,787
Depreciation of right-of-use assets	45,464	52,238	1,575,944	1,424,981	1,621,408	1,477,219
Lease liabilities	446,244	474,967	22,161,395	15,640,697	22,607,639	16,115,664
Interest-bearing loans and borrowings	6,353,195	4,828,229	13,824,430	10,334,866	20,177,625	15,163,095
Provision for employee benefit costs	32,980	45,066	-	-	32,980	45,066

In addition to segment results, information such as finance costs/ income, tax expenses have been allocated to segments for better presentation.

8 Basis of Consolidation

Accounting Policy

The consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2022. Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Control over an 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

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.

Transactions eliminated on consolidation

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.

Subsidiaries

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory.

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 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 (OCI) are attributed to the 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. The financial statements of the subsidiaries are prepared for the same reporting period as the parent

Company, which is 12 months ending 31 March, using consistent accounting policies.

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

Loss of control

If the Group loses control over a subsidiary, it de-recognises 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.

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

Non-controlling interest (NCI)

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent.

The consolidated statement of cash flow includes the cash flows of the Company and its subsidiaries.

9 Business Combinations & Goodwill

Accounting Policy

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquire, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquire is lower than the fair value of net assets acquired, a gain is recognised immediately in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. 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 as incurred.

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, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability, and which is a financial instrument and within the scope of LKAS 39, is measured at fair value with changes in fair value either in income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/LKAS.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value maybe impaired.

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.

Impairment of Goodwill

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount,

an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

10 Financial Risk Management Objectives and Policies

Financial instruments held by the Group, principally comprise of cash, loans and other receivables, trade and other receivables, trade and other payables and loans and borrowings. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group. These financial instruments are exposed to credit, liquidity and market risks.

The Hotels Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and related controlling. The guidelines upon which the Group's risk management processes are based are designed to identify and analyse these risks throughout the Group, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products. The Group manages and monitors these risks primarily through its operating and financing activities.

10.1 Credit risk

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

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to debtors impairment is not significant.

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

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different rearrangement of homogeneous groups. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

10.1.1 Credit risk exposure - Group

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

As at 31 March In Rs. '000s	Note	2022					Total
		Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	
Deposits with bank	10.1.2	-	-	-	54,987	-	54,987
Trade and other receivables	10.1.3	-	-	2,676,221	-	-	2,676,221
Amounts due from related parties	10.1.4	-	-	-	-	63,597	63,597
Loans to executives	10.1.5	3,517	-	-	-	-	3,517
Cash in hand and at bank	10.1.2	-	1,677,692	-	-	-	1,677,692
Total credit risk exposure		3,517	1,677,692	2,676,221	54,987	63,597	4,476,014
Financial Assets at fair value through OCI	10.1.6	170,283	-	-	-	-	170,283
Total equity risk exposure		170,283	-	-	-	-	170,283
Total		173,800	1,677,692	2,676,221	54,987	63,597	4,646,297

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs. '000s	Note	2021					Total
		Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	
Deposits with bank	10.1.2	-	-	-	151,201	-	151,201
Trade and other receivables	10.1.3	-	-	439,076	-	-	439,076
Amounts due from related parties	10.1.4	-	-	-	-	8,636	8,636
Loans to executives	10.1.5	5,011	-	-	-	-	5,011
Cash in hand and at bank	10.1.2	-	1,177,140	-	-	-	1,177,140
Total credit risk exposure		5,011	1,177,140	439,076	151,201	8,636	1,781,064
Financial Assets at fair value through OCI	10.1.6	175,023	-	-	-	-	175,023
Total equity risk exposure		175,023	-	-	-	-	175,023
Total		180,034	1,177,140	439,076	151,201	8,636	1,956,087

Credit risk exposure - Company

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions of the Company.

As at 31 March In Rs. '000s	Note	2022				Total
		Non-current financial assets	Cash in hand and at bank	Short term investments	Amounts due from related parties	
Deposits with bank	10.1.2	-	-	672	-	672
Amounts due from related parties	10.1.4	-	-	-	3,525	3,525
Cash in hand and at bank	10.1.2	-	405,044	-	-	405,044
Total credit risk exposure		-	405,044	672	3,525	409,241
Financial Assets at fair value through OCI	10.1.6	5	-	-	-	5
Total equity risk exposure		5	-	-	-	5
Total		5	405,044	672	3,525	409,246

As at 31 March In Rs. '000s	Note	2021			Total
		Non-current financial assets	Cash in hand and at bank	Amounts due from related parties	
Amounts due from related parties	10.1.4	-	-	4,530	4,530
Cash in hand and at bank	10.1.2	-	393,477	-	393,477
Total credit risk exposure		-	393,477	4,530	398,007
Financial Assets at fair value through OCI	10.1.6	6	-	-	6
Total equity risk exposure		6	-	-	6
Total		6	393,477	4,530	398,013

10.1.2 Credit risk relating to cash and cash equivalents

In order to mitigate settlement and operational risks related to cash and cash equivalents, the Company uses several banks with acceptable ratings for its deposits.

Deposits with bank mainly consist of fixed and call deposits .

As at 31 March 2022, 100% of the fixed and call deposits (2021 - 100%) of the Group was rated "A" or better.

Deposits with banks and Credit rating of the banks

As at 31 March Fitch ratings	Group				Company			
	2022		2021		2022		2021	
	In Rs. 000s	%	In Rs. 000s	%	In Rs. 000s	%	In Rs. 000s	%
AA-	29,330	53%	96,983	64%	-	-	-	-
A+	-	-	47,037	31%	-	-	-	-
A	25,657	47%	7,181	5%	672	100%	-	-
	54,987	100%	151,201	100%	672	100%	-	-

NOTES TO THE FINANCIAL STATEMENTS

10.1.3 Trade and other receivables

As at 31 March In Rs. '000s	Group	
	2022	2021
Neither past due nor impaired	1,558,155	343,366
Past due but not impaired		
31–60 days	720,855	32,987
61–90 days	238,718	55,315
> 91 days	158,493	7,408
Impaired	159,565	124,278
Gross carrying value	2,835,786	563,354
Allowance for expected credit losses	(159,565)	(124,278)
Total	2,676,221	439,076

The Group has obtained deposits from major customers by reviewing their past performance and credit worthiness, as collateral.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

10.1.4 Amounts due from related parties

The Group's amounts due from related parties mainly consists of the balances from affiliate companies and ultimate parent.

10.1.5 Loans to executives

Loans to executive portfolio is largely made up of vehicle loans which are given to staff at assistant manager level and above. The respective business units have obtained the necessary Power of Attorney/promissory notes as collateral for the loans granted.

10.1.6 Financial Assets at fair value through OCI

All equity investments are made after obtaining the Board of Directors approval.

10.2 Liquidity Risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk of a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

10.2.1 Net debt/(cash)

As at 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Short term investments	54,987	151,201	672	-
Cash in hand and at bank	1,677,692	1,177,140	405,044	393,477
Total liquid assets	1,732,679	1,328,341	405,716	393,477
Bank borrowings	20,177,625	15,163,095	1,106,347	1,023,154
Bank overdrafts	6,410,697	4,047,898	-	-
Total liabilities	26,588,322	19,210,993	1,106,347	1,023,154
Net debt/(cash)	24,855,643	17,882,652	700,631	629,677

10.2.2 Liquidity risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	3,710,639	4,113,206	6,058,054	3,127,800	1,292,864	1,875,062	20,177,625
Lease liabilities	1,718,743	1,793,898	3,393,254	2,092,868	2,169,346	20,201,334	31,369,443
Trade and other payables	1,652,430	-	-	-	-	-	1,652,430
Amounts due to related parties	259,788	-	-	-	-	-	259,788
Bank overdrafts	6,410,697	-	-	-	-	-	6,410,697
	13,752,297	5,907,104	9,451,308	5,220,668	3,462,210	22,076,396	59,869,983

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	1,922,745	2,199,194	2,390,382	3,851,048	1,790,328	3,009,398	15,163,095
Lease liabilities	1,285,309	1,148,610	1,197,720	2,247,400	1,391,990	22,370,679	29,641,708
Trade and other payables	1,133,218	-	-	-	-	-	1,133,218
Amounts due to related parties	98,670	-	-	-	-	-	98,670
Bank overdrafts	4,047,898	-	-	-	-	-	4,047,898
	8,487,840	3,347,804	3,588,102	6,098,448	3,182,318	25,380,077	50,084,589

Maturity analysis - Company

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	1,421	236,000	236,000	236,000	236,000	160,926	1,106,347
Trade and other payables	10,993	-	-	-	-	-	10,993
Amounts due to related parties	1,276	-	-	-	-	-	1,276
	13,690	236,000	236,000	236,000	236,000	160,926	1,118,616

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

As at 31 March In Rs. '000s	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	2,594	1,780	256,342	236,000	236,000	290,438	1,023,154
Trade and other payables	10,456	-	-	-	-	-	10,456
Amounts due to related parties	3,121	-	-	-	-	-	3,121
	16,171	1,780	256,342	236,000	236,000	290,438	1,036,731

10.3 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 of the following risks:

- * Interest rate risk
- * Currency risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analysis in the following sections relate to the position as at 31 March in 2022 and 2021.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.
- This is based on the financial assets and financial liabilities held at 31 March 2022 and 2021.

10.3.1 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 Central Bank of Sri Lanka adopted a tightening monetary policy stance during the latter half of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post the end of the reporting period. Such actions have raised monetary policy rates significantly and helped bridge the gap between policy and market interest rates. The Group proactively managed the risk of increasing interest rates by re-balancing its portfolio of borrowings and moved a sizeable portion of the Sri Lankan Rupee (LKR) borrowings on a long-term basis. Further, where relevant and possible, a majority of the LKR long-term facilities were on a fixed rate basis over the tenor of the loan.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

For the year ended 31 March In Rs. '000s	Increase/ (decrease) in basis points		Group
	Rupee borrowings	Other currency borrowings	Effect on profit before tax Rs. '000s
2022	+ 138 basis points	+ 58 basis points	(142,249)
	- 138 basis points	- 58 basis points	(142,249)
2021	+ 411 basis points	+ 87 basis points	(247,475)
	- 411 basis points	- 87 basis points	247,475

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market.

NOTES TO THE FINANCIAL STATEMENTS

10.3.2 Foreign currency 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 has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

10.3.2.1 Effects of currency transaction and translation

For purposes of Group consolidated financial statements, the income and expenses and the assets and liabilities of subsidiaries located outside Sri Lanka are converted into Sri Lankan Rupees. Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (earnings before interest and taxes – EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates.

The Group's exposure to foreign currency changes for currencies other than USD is not material.

For the year ended 31 March	Increase/(decrease) in exchange rate	Group	
		Effect on profit/(loss) before tax	Effect on equity
		USD	Rs. 000's
2022	52.05%	(8,486,558)	12,416,158
	-52.05%	8,486,558	(12,416,158)
2021	6.71%	(1,611,360)	1,051,163
	-6.71%	1,611,360	(1,051,163)

Assumptions

The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

The Sri Lankan Rupee witnessed significant volatility, particularly during the latter part of the year. Whilst the exchange rate was maintained at stable levels during the year, as per the guidelines issued to the banks by the Central Bank of Sri Lanka (CBSL), the currency depreciated sharply in March 2022 once the CBSL allowed a free float of the currency which resulted in a steep depreciation of the Sri Lankan Rupee by 31 March 2022. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances. The lack of confidence in the market however resulted in a sharp reduction in foreign currency employment remittances which exacerbated the liquidity situation.

The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. At a Group level, the translation risk on foreign currency debt is largely hedged "naturally" as a result of the conscious strategy of ensuring obligations are managed through US Dollar denominated revenue streams. The Group was able to navigate the liquidity challenges through matching its obligations with foreign currency inflows as far as possible while also using the strength of the Group's balance sheet to manage the situation.

10.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

As at 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Debt/Equity	164%	145%	9%	8%

11 Fair Value Measurement and Related Fair Value Disclosures

Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are reflected in this Note. Aside from this Note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

- Investment in unquoted equity shares - Note 23, 24, 25
- Property, plant and equipment under revaluation model - Note 19.2
- Financial instruments (including those carried at amortised cost) - Note 12.4
- Investment properties - Note 21

Accounting Policy

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for non-recurring measurement, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as land and buildings. Involvement of external valuers are decided upon annually by the Group after discussion with and approval by the Company's Audit Committee. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets and liabilities.

For the purpose of fair value disclosures, the 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.

11.1 Financial assets and liabilities by fair value hierarchy - Group

The Group held the following financial instruments carried at fair value in the statement of financial position:

Financial Assets

As at 31 March In Rs. '000s	Level 1		Level 2		Level 3	
	2022	2021	2022	2021	2022	2021
Listed equity investments	5	6	-	-	-	-
Non-listed equity investments	-	-	-	-	170,278	175,017
Total	5	6	-	-	170,278	175,017

11.2 Financial assets and liabilities by fair value hierarchy - Company

The Company held the following financial instruments carried at fair value in the statement of financial position:

Financial Assets

As at 31 March In Rs. '000s	Level 1		Level 2		Level 3	
	2022	2021	2022	2021	2022	2021
Listed equity investments	5	6	-	-	-	-
Total	5	6	-	-	-	-

During the reporting periods 31 March 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

11.3 Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries unquoted equity shares as equity instruments designated at fair value through OCI classified as Level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below:

In Rs. '000s	Group
As at 1 April 2021	175,017
Re-measurement recognised in OCI	(4,739)
As at 31 March 2022	170,278

Group has valued level 3 financial instruments as at reporting date using discounted cash flow method. Fair value would not significantly vary if one or more of the inputs were changed.

11.4 Non-financial assets - Group

As at 31 March In Rs. '000s	Level 1		Level 2		Level 3	
	2022	2021	2022	2021	2022	2021
Assets measured at fair value						
Land and buildings	-	-	-	-	7,596,812	7,208,644
Buildings on leasehold land	-	-	-	-	20,256,072	15,622,778
Investment properties	-	-	-	-	1,768,900	1,663,950

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

NOTES TO THE FINANCIAL STATEMENTS

12 Financial Instruments and Related Policies

Accounting Policy

Financial instruments — initial recognition and subsequent measurement

12.1 Financial assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as 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. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of 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.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and quoted and unquoted financial instruments.

Subsequent measurement

For purposes of subsequent measurement, 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
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Debt instruments

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. 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 de-recognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and short term investments and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- 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

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Equity Instruments

Financial assets designated at fair value through OCI

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.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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 the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

NOTES TO THE FINANCIAL STATEMENTS

De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

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

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

12.2 Financial Liabilities

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 and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the Income statement.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in 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 as finance costs in the Income statement.

De-recognition

A financial liability is de-recognised 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 Income statement.

12.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

12.4 Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9

Financial assets by categories As at 31 March In Rs. '000s	Group				Company			
	Financial assets at amortised cost		Financial assets at fair value through OCI		Financial assets at amortised cost		Financial assets at fair value through OCI	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial instruments in non-current assets								
Non-current financial assets	3,517	5,011	170,283	175,023	-	-	5	6
Financial instruments in current assets								
Trade receivables	2,676,221	439,076	-	-	-	-	-	-
Amounts due from related parties	63,597	8,636	-	-	3,525	4,530	-	-
Short term investments	54,987	151,201	-	-	672	-	-	-
Cash in hand and at bank	1,677,692	1,177,140	-	-	405,044	393,477	-	-
Total	4,476,014	1,781,064	170,283	175,023	409,241	398,007	5	6

Both carrying amount and fair value are equal of financial assets at fair value through OCI.

The fair value of loans and receivables does not significantly vary from the value based on the amortised cost methodology.

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities by categories As at 31 March In Rs. '000s	Group		Company	
	Financial liabilities measured at amortised cost		Financial liabilities measured at amortised cost	
	2022	2021	2022	2021
Financial instruments in non-current liabilities				
Bank Borrowings	16,466,986	13,240,350	1,104,926	1,020,560
Financial instruments in current liabilities				
Trade payables	1,652,430	1,133,218	10,993	10,456
Amounts due to related parties	259,788	98,670	1,276	3,121
Bank borrowings	3,710,639	1,922,745	1,421	2,594
Bank overdrafts	6,410,697	4,047,898	-	-
Total	28,500,540	20,442,881	1,118,616	1,036,731

The fair value of financial liabilities does not significantly vary from the value based on the amortised cost methodology.

The management assessed that the fair value of cash and short-term investments, trade and other receivables, trade and other payables and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Fair value of quoted equities and bonds is based on price quotations in an active market at the reporting date.
- The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of the unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Accounting judgements, estimates and assumptions

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

13 Revenue from Contracts with Customers

Accounting Policy

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.

Services transferred over time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

13.1 Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on timing of revenue recognition and geographical region in the operating segment information section.

13.2 Reconciliation of revenue

Reconciliation between Revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section.

13.3 Contract balances

Contract liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services and short-term advances received to render certain services. Contract liabilities of the group have been disclosed in other current liabilities note.

13.4 Performance obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under each contract as one performance obligation. The revenue is accounted based on the output method. Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue.

The Group applies the practical expedient and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the year ended 31 March 2022.

13.5 Revenue from contracts with customers

For the year ended 31 March

In Rs. '000s	Group	
	2022	2021
Timing of revenue recognition		
Services transferred over time	13,354,724	3,660,539
Total revenue from contracts with customers	13,354,724	3,660,539

Direct taxes of Rs. 329Mn (2021 - Rs. 80Mn) have been deducted in arriving at the gross revenue.

NOTES TO THE FINANCIAL STATEMENTS

14 Other Operating Income and Other Operating Expenses

Accounting Policy

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a Group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

Other income and expenses

Other income and expenses are recognised on an accrual basis.

14.1 Other operating income

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Sundry income	38,444	60,228	21,717	14,874
Amortisation of grant received	-	387	-	-
Profit on sale of property, plant and equipment	77,757	-	-	-
	116,201	60,615	21,717	14,874

14.2 Other operating expenses

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Power and energy	692,153	379,061	-	-
Maintenance and repair cost	275,563	147,883	-	-
Loss on sale of property, plant and equipment	-	7,517	-	-
Foreign exchange losses	133,588	18,171	-	-
Other overheads	83,891	59,700	322	178
	1,185,195	612,332	322	178

15 Finance Income and Finance Costs

Accounting Policy

Finance income

Finance income comprises of interest income on funds invested, dividend income and gains on the disposal of fair value through OCI financial assets.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value through OCI financial assets, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the income statement.

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Finance income				
Interest income	20,769	33,317	19,290	4,132
	20,769	33,317	19,290	4,132
Finance costs				
Interest expenses on bank borrowings	871,977	727,742	86,056	52,600
Finance charge on lease liabilities	363,036	396,321	-	-
	1,235,013	1,124,063	86,056	52,600
Net finance income/(costs)	(1,214,244)	(1,090,746)	(66,766)	(48,468)

NOTES TO THE FINANCIAL STATEMENTS

16 Loss before tax

Expenditure recognition

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

For the purpose of presentation of the income statement, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company’s and Group’s performance.

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Loss before tax is stated after charging all expenses including the following;				
Remuneration to non-executive directors	6,480	5,400	6,480	5,400
Auditors’ remuneration				
Audit	13,688	12,986	1,258	1,199
Non-audit	826	746	826	736
Cost of defined employee benefits				
Defined benefit plan cost	35,683	40,463	-	-
Defined contribution plan cost (EPF and ETF)	85,674	85,856	-	-
Other long term employee benefits cost	(2,703)	4,603	-	-
Staff expenses	2,579,497	1,937,511	-	-
Share based payments/(reversals)	442	(542)	-	-
Depreciation of property, plant and equipment & ROU assets	3,353,789	3,135,888	-	-
Donations	2,874	1,055	-	-
(Reversal)/Impairment of bad and doubtful debts	35,287	30,925	-	-
(Reversal)/Provision for slow moving inventories	(2,108)	(6,289)	-	-
(Profit)/Loss on sale of property, plant and equipment	(77,757)	7,517	-	-

17 Taxes

Accounting Policy

Current tax

Current tax assets and liabilities for the current and prior periods 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 in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income shall be recognised in other comprehensive income and not in the income statement. 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.

Management has used its judgement on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

The Group has complied with the arm's length principles relating to transfer pricing as prescribed in the Inland Revenue Act, and has complied with the related Gazette notification issued by Ministry of Finance.

Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where 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, and unused tax credits, tax losses and other credits carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

- where the deferred income 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, 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.

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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 reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. 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 when the deferred taxes relate to the same taxable entity and the same taxation authority.

No deferred tax asset or liability has been recognised in the companies which are enjoying the Board of Investment (BOI) tax holiday period, if there are no qualifying assets or liabilities beyond the tax holiday period.

Sales tax

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

- where the sales tax incurred on a purchase of an 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; and
- 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.

Surcharge Tax

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

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

Total Surcharge Tax liability of Rs. 1.085 Mn will be recognised in the financial statements of FY 2022/2023 for the Group as an adjustment to the 1 April 2021 retained earnings in the statement of changes in equity as per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

On 20th April 2022, the Group paid Rs. 0.542Mn on account of the first instalment of the Surcharge Tax liability with the balance payable on 20 July 2022.

IFRIC 23 Interpretation: Uncertainty over Income Tax Treatment

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

17.1 Tax reversal/(expense)

For the Year Ended 31 March		Group		Company	
In Rs. '000s	Note	2022	2021	2022	2021
Income statement					
Current tax charge	17.6	67,686	7,483	2,690	-
Under/(over) provision of current tax in respect of previous years		(11,181)	(43,394)	(6,735)	2
Irrecoverable Economic Service Charge	17.3	25,899	19,445	-	-
Deferred tax charge/(reversal)					
Relating to origination and reversal of temporary differences	17.2	(163,344)	(718,283)	(10,368)	-
		(80,940)	(734,749)	(14,413)	2
Other comprehensive income					
Deferred tax charge/(reversal)					
Relating to origination and reversal of temporary differences		135,464	24,517	-	-
		135,464	24,517	-	-

17.2 Deferred Tax Expense

For the Year Ended 31 March		Group		Company	
In Rs. '000s		2022	2021	2022	2021
Income statement					
Deferred tax arising from					
Accelerated depreciation for tax purposes		120,451	14,376	-	-
Revaluation of investment properties to fair value		10,495	2,933	-	-
Benefit/ (reversal) arising from tax losses		(266,735)	(686,062)	(10,368)	-
Employee benefits liability		(3,000)	(8,915)	-	-
Others (ROU assets/liabilities, trade receivables etc.)		(24,555)	(40,615)	-	-
		(163,344)	(718,283)	(10,368)	-
Other comprehensive income					
Deferred tax arising from					
Employee benefits liability		(1,285)	285	-	-
Revaluation of land and buildings to fair value		136,749	24,232	-	-
		135,464	24,517	-	-
Total deferred tax charge/(reversal)		(27,880)	(693,766)	(10,368)	-

Deferred Tax has been computed at the following rates :

Subsidiary companies in Sri Lanka engaged in promotion of tourism - 14%.

Subsidiary companies in Maldives - 15%.

Subsidiary companies in Sri Lanka with gain or loss on investment properties - 10%

Others - 24%

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17.3 Economic service charge (ESC)

For the Year Ended 31 March		Group	
In Rs. '000s		2022	2021
Irrecoverable Economic Service Charge (ESC)		25,899	19,445
		25,899	19,445

17.4 Income tax liabilities

As at 31 March	Group		Company		
	In Rs. '000s	2022	2021	2022	2021
Balance at the beginning of the year		69,176	127,315	14,413	15,207
Charge for the year		67,686	7,483	2,690	-
Effect of movements in exchange rates		10,335	(598)	-	-
Payments, set off against refunds and tax credits		(25,309)	(65,024)	(6,735)	(794)
Balance at the end of the year		121,888	69,176	10,368	14,413

17.5 Deferred tax assets and liabilities

17.5.1 Deferred tax assets

As at 31 March	Group		Company		
	In Rs. '000s	2022	2021	2022	2021
Balance at the beginning of the year		909,050	294,620	-	-
Transferred from/to deferred tax liabilities		1,302	-	-	-
Effect of movements in exchange rates		408,363	44,834	-	-
Charge/(release)		56,812	569,596	10,368	-
Balance at the end of the year		1,375,526	909,050	10,368	-
The closing deferred tax asset balance relates to the following:					
Accelerated depreciation for tax purposes		132,020	96,048	-	-
Revaluation of land and building to fair value		(72,535)	(26,907)	-	-
Employee benefits liability		7,763	3,620	-	-
Losses and other credits available for off-set against future taxable income		1,168,383	784,003	10,368	-
Others		139,895	52,286	-	-
		1,375,526	909,050	10,368	-

The geographical break up of Deferred tax asset recognised in respect of tax losses, is as follows

As at 31 March	Group		
	In Rs. '000s	2022	2021
Sri Lanka		373,240	187,747
Maldives		795,143	596,256
		1,168,383	784,003

17.5.2 Deferred tax liabilities

As at 31 March In Rs. '000s	Group	
	2022	2021
Balance at the beginning of the year	657,548	781,718
Transferred from/to deferred tax assets	1,302	-
Charge/(release)	28,932	(124,170)
Balance at the end of the year	687,782	657,548
The closing deferred tax liabilities balance relates to the following:		
Accelerated depreciation for tax purposes	230,881	246,223
Revaluation of land and building to fair value	674,281	582,857
Revaluation of investment properties to fair value	19,510	9,015
Employee benefits liability	(25,723)	(21,040)
Losses and other credits available for off-set against future taxable income	(195,155)	(153,564)
Others	(16,012)	(5,943)
	687,782	657,548

Accounting judgements, estimates and assumptions

The Group is subject to income tax and other taxes including VAT/GST. Significant judgement was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

The Group has tax losses relating to subsidiaries that have a history of losses that do not expire and may not be used to offset other tax liabilities and where the subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

The Group has contingent liabilities amounting to Rs. 3.3 Mn (2021 – Rs. 10.3 Mn). These have been arrived at after discussing with independent and legal tax experts and based on information available. All assumptions are revisited as at the reporting date.

Further details on contingent liabilities are disclosed in Note 42 to the financial statements.

The Group recognises a deferred tax asset on unused tax losses which is expected to reduce the future tax expense. The Group's risk management strategy involved implementation of the business continuity plans at the respective companies as a response to COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

17.6 Reconciliation between current tax charge and the accounting profit/(loss)

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Loss before tax	(1,297,872)	(5,854,557)	(64,044)	(52,256)
Share of results of equity accounted investees	1,774	(3,072)	-	-
Other consolidation adjustments	(3,757)	175,224	-	-
Loss after adjustments	(1,299,855)	(5,682,405)	(64,044)	(52,256)
Exempt losses	216,027	488,093	-	-
Adjusted accounting loss chargeable to income taxes	(1,083,828)	(5,194,312)	(64,044)	(52,256)
Disallowable expenses	3,126,844	4,804,051	-	-
Allowable expenses	(3,086,888)	(3,986,061)	-	-
Utilisation of tax losses	(311,671)	-	(447)	-
Tax losses not utilised in the current financial year	1,699,094	4,423,529	75,701	52,256
Taxable income	343,551	47,207	11,210	-
Current tax charged at				
Standard rate of 24% (2021 - 24%)	43,075	1,042	2,690	-
Standard rate of 15% (2021 - 15%)	24,611	6,441	-	-
Current tax charge	67,686	7,483	2,690	-

17.7 Reconciliation between tax expense and the product of accounting profit

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Adjusted accounting loss chargeable to income tax	(1,083,828)	(5,194,312)	(64,044)	(52,256)
Tax effect on chargeable profits	(135,392)	(764,523)	(15,370)	(12,539)
Tax effect on non deductible expenses	1,107	27,600	-	-
Tax effect on deductions claimed	(1,055)	1,984	-	-
Net tax effect of unrecognised deferred tax assets for the year	9,813	21,646	7,692	12,539
Net tax effect of deferred tax assets in respect of previous year	43,694	6,599	-	-
Deferred tax due to rate differentials	(13,825)	(4,106)	-	-
Under/(over) provisions of current tax in respect of prior years	(11,181)	(43,394)	(6,735)	2
Other income based taxes				
Irrecoverable Economic Service Charge	25,899	19,445	-	-
Total tax expense/(reversal)	(80,940)	(734,749)	(14,413)	2

The Group tax is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka and Maldives do not provide for Group taxation.

17.8 Tax Losses Carried Forward

For the Year Ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Tax losses brought forward	7,150,556	2,697,967	52,256	53,481
Adjustments on finalisation of liability	171,070	29,060	934	(53,481)
Tax losses arising during the year	1,699,094	4,423,529	75,701	52,256
Utilisation of tax losses	(311,671)	-	(447)	-
Tax losses carried forward	8,709,049	7,150,556	128,444	52,256

17.9 Applicable rates of Income Tax

Income Tax rates of Sri Lankan Companies

Companies which undertake promotion of tourism in Sri Lanka are liable to tax at the rate of 14% (2021 - 14%) of such income. Other Income is taxed at the rate of 24% with effect from 01 January 2020. Companies with gain or loss on investment properties are taxed at the rate of 10%.

Profits and income of Beruwala Holiday Resorts (Pvt) Ltd are exempt from tax under BOI for a period of 8 years commencing from the year in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operation whichever is earlier. The BOI exemption period has commenced from the year 2014/15.

Income Tax rates of off-shore Companies

The following subsidiaries based in the Republic of Maldives, are subject to Income tax at 15%.

- * John Keells Maldivian Resorts (Pte) Ltd
- * Travel Club (Pte) Ltd
- * Fantasea World Investments (Pte) Ltd
- * Tranquility (Pte) Ltd

18 EARNINGS/(LOSS) PER SHARE

Accounting Policy

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

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

For the Year Ended 31 March	Group		Company	
	2022	2021	2022	2021
Loss attributable to equity holders of the parent (In Rs. '000s)	(1,202,776)	(5,096,181)	(49,631)	(52,258)
Weighted average number of ordinary shares (In '000s)	1,456,147	1,456,147	1,456,147	1,456,147
Basic/diluted earnings/(loss) per share (Rs.)	(0.83)	(3.50)	(0.03)	(0.04)

NOTES TO THE FINANCIAL STATEMENTS

19 Property, Plant and Equipment

Accounting Policy

Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criterias are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group de-recognises the replaced part, and recognises the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Group has adopted a guideline of revaluing assets by a professional valuer at least once in every five years.

De-recognition

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

Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets or over the unexpired period of lease, whichever is lower.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The estimated useful life of assets is as follows:

Assets	Years
Buildings on leasehold land	Estimated lease period
Buildings freehold land	up to 60
Plant and machinery	03 - 10
Equipment	05 - 08
Furniture and fittings	05 - 08
Motor vehicles	05
Computer equipment	05
Cutlery, crockery, glassware and linen	03

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of property plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and 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. Where the carrying amount of an asset 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.

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the statement of other comprehensive income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 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 income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

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19.1 Property, Plant and Equipment

As at 31 March	Land and buildings	Buildings on leasehold land	Plant and machinery	Equipment	Furniture and fittings	Motor vehicles	Computer equipment	Cutlery, crockery and glassware	Capital work in progress	Total	
In Rs. '000s	buildings	land	machinery	machinery	fittings	vehicles	equipment	and linen	progress	2022	
Group											
Cost or valuation											
At the beginning of the year	7,476,291	18,955,957	2,353,385	2,976,017	2,453,604	191,303	323,858	367,575	245,995	35,343,985	
Additions	24,450	183,832	85,099	89,442	50,938	5,982	18,783	54,536	1,509	514,571	
Disposals	(279,000)	(6,352)	(30,516)	(99,751)	(27,256)	(2,781)	(22,724)	(44,019)	-	(512,399)	
Revaluations	718,699	337,722	-	-	-	-	-	-	-	1,056,421	
Transfers	-	244,264	-	16,052	(13,297)	-	-	-	(247,019)	-	
Effect of movements in exchange rates	-	6,599,679	540,207	622,561	631,338	78,238	77,523	75,899	-	8,625,445	
Transfers on revaluation	(188,116)	(216,714)	-	-	-	-	-	-	-	(404,830)	
At the end of the year	7,752,324	26,098,388	2,948,175	3,604,321	3,095,327	272,742	397,440	453,991	485	44,623,193	
Accumulated depreciation											
At the beginning of the year	267,647	3,333,179	1,271,985	1,747,596	1,038,940	105,929	242,785	227,309	-	8,235,370	
Charge for the year	75,981	814,069	166,036	287,874	257,070	20,362	29,582	81,407	-	1,732,381	
Disposals	-	(6,352)	(29,889)	(95,194)	(25,851)	(2,541)	(22,170)	(33,968)	-	(215,965)	
Effect of movements in exchange rates	-	1,918,134	264,711	344,224	279,144	45,529	56,603	45,858	-	2,954,203	
Transfers on revaluation	(188,116)	(216,714)	-	-	-	-	-	-	-	(404,830)	
At the end of the year	155,512	5,842,316	1,672,843	2,284,500	1,549,303	169,279	306,800	320,606	-	12,301,159	
Carrying value											
As at 31 March 2022	7,596,812	20,256,072	1,275,332	1,319,821	1,546,024	103,463	90,640	133,385	485	32,322,034	
As at 31 March 2021	7,208,644	15,622,778	1,081,400	1,228,421	1,414,664	85,374	81,073	140,266	245,995	-	
Carrying value of assets											
At cost											
At valuation											
	21,792,030										17,230,202
	10,530,004										9,878,413
	32,322,034										27,108,615
Carrying value of land and buildings											
At cost											
At valuation											
	17,322,880										12,953,009
	10,530,004										9,878,413
	27,852,884										22,831,422

19.2 Revaluation of land and buildings

Accounting judgements, estimates and assumptions

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties.

Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was on 31 December 2021.

The changes in fair value recognised in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

The details of Property, Plant & Equipment of the Group which are stated at valuation are indicated below

Property	Method of Valuation	Effective date of valuation	Name of the Chartered Valuation Surveyor	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Land and buildings of					
Beruwala Holiday Resorts (Pvt) Ltd	Depreciated replacement cost method/Open market value method	31 December 2021	Mr. P.B Kalugalagedara	Estimated price per perch Rs:900,000 - 1,100,000 and per square foot Rs:3,000 - 10,500	Positively correlated sensitivity
Kandy Walk Inn Ltd	Depreciated replacement cost method/Open market value method	31 December 2021	Mr. S.Fernando	Estimated price per perch Rs: 10,000 - 1,260,000 and per square foot Rs:1,100 - 8,800	Positively correlated sensitivity
Trinco Holiday Resorts (Pvt) Ltd	Open market value method	31 December 2021	Mr. P.B Kalugalagedara	Estimated price per perch Rs: 400,000 and per square foot Rs:1,000 - 7,250	Positively correlated sensitivity
Land, Buildings and Buildings on leasehold land of					
Ceylon Holiday Resorts Ltd	Depreciated replacement cost method/Market comparable method	31 December 2021	Mr. P.B Kalugalagedara	Estimated price per perch Rs: 250,000- 1,250,000 and per square foot Rs:2,000 - 15,000	Positively correlated sensitivity
Habarana Lodge Ltd	Depreciated replacement cost method	31 December 2021	Mr. S.Fernando	Estimated price per square foot Rs:575 - 9,200	Positively correlated sensitivity
Habarana Walk Inn Ltd	Depreciated replacement cost method	31 December 2021	Mr. S.Fernando	Estimated price per square foot Rs:1,150 - 6,900	Positively correlated sensitivity
Hikkaduwa Holiday Resorts (Pvt) Ltd					
Hikkaduwa Holiday Resorts (Pvt) Ltd	Depreciated capital comparison method/Open market value method	31 December 2021	Mr. P.B Kalugalagedara	Estimated price per perch Rs: 1,000,000 and per square foot Rs:1,600 - 7,500	Positively correlated sensitivity
Yala Village (Pvt) Ltd	Depreciated replacement cost method	31 December 2021	Mr. P.B Kalugalagedara	Estimated price per square foot Rs:2,450 -7,500	Positively correlated sensitivity

Summary description of valuation methodologies

Open market value method

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Depreciated replacement cost method

Depreciated replacement cost uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Direct capital comparison method

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with capitalised value of similar property in the locality.

NOTES TO THE FINANCIAL STATEMENTS

19.3 The carrying amounts of fair valued land and buildings if they were carried at cost less depreciation, would be as follows.

As at 31 March In Rs. '000s	Group	
	2022	2021
Cost	17,711,408	17,544,214
Accumulated depreciation and impairment	(1,901,478)	(1,606,288)
Carrying value	15,809,930	15,937,926

19.4 Segmental analysis of net book value of property, plant and equipment

As at 31 March In Rs. '000s	Group	
	2022	2021
Sri Lanka	15,894,732	15,474,710
Maldives	16,427,301	11,633,905
	32,322,033	27,108,615

19.5 No assets have been pledged as security for term loans obtained (2021 - Nil).

19.6 Group property, plant and equipment with a cost of Rs. 3,362 Mn (2021 - Rs.2,589 Mn) have been fully depreciated but continue to be used by the Group.

20 Leases

Accounting Policy

Set out below are the new accounting policies of the Group upon adoption of SLFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

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. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

20.1 Amounts recognised in the statement of financial position and income statement

20.1.1 Right-of-Use Assets

Set out below, are the carrying amounts of the Group's right-of-use assets and the movements for the period ended 31 March 2022 and 31 March 2021.

As at 31 March In Rs. '000s	Group			Total 2021
	Leasehold Properties	Motor Vehicles	Total 2022	
Cost				
At the beginning of the year	31,140,375	103,897	31,244,272	27,450,249
Additions	-	-	-	2,313,787
Disposal of lease right	-	-	-	(3,203)
Currency translation difference	13,873,262	-	13,873,262	1,483,439
At the end of the year	45,013,637	103,897	45,117,534	31,244,272
Accumulated depreciation and impairment				
At the beginning of the year	2,747,215	65,020	2,812,235	1,335,016
Depreciation	1,595,218	26,190	1,621,408	1,477,219
At the end of the year	4,342,433	91,210	4,433,643	2,812,235
Carrying value	40,671,204	12,687	40,683,891	28,432,037

NOTES TO THE FINANCIAL STATEMENTS

20.1.2 Lease Liabilities

Set out below, are the carrying amounts of the Group's lease liabilities and the movements for the year ended 31 March 2022.

As at 31 March In Rs. '000s	Group	
	2022	2021
At the beginning of the year	16,115,664	13,421,534
Cash movement		
Payments	(1,585,548)	(845,089)
Non-cash movement		
Additions	-	2,313,787
De-recognition of liability	-	(3,514)
Finance charge	363,036	396,321
Currency translation difference	7,714,488	832,625
At the end of the year	22,607,639	16,115,664
Current	2,947,669	1,131,749
Non-current	19,659,970	14,983,915
At the end of the year	22,607,639	16,115,664

The maturity analysis of lease liabilities are disclosed in Note 10.2.

Following are the amounts recognised in the income statement.

For the year ended 31 March In Rs. '000s	Group	
	2022	2021
Depreciation of right-of-use assets	1,621,408	1,477,219
Finance charges on lease liabilities	363,036	396,321
Total amount recognised in income statement	1,984,444	1,873,540

The Group uses 6 months AWPLR plus margin/LIBOR plus margin when calculating the incremental borrowing rate which reflects the average rate of borrowings in the Group.

21 Investment Properties

Accounting Policy

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to-day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are evaluated at least every 3 years by an accredited external, independent valuer. The most recent revaluation was carried out on 31 December 2021.

Investment properties are de-recognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use for a transfer from investment property to owner occupied property. The deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant and equipment.

21.1 Investment properties

As at 31 March	Group	
In Rs. '000s	2022	2021
Carrying value		
At the beginning of the year	1,663,950	1,647,700
Change in fair value during the year	104,950	16,250
At the end of the year	1,768,900	1,663,950
Freehold property	1,768,900	1,663,950
	1,768,900	1,663,950
Rental income earned	-	-
Direct operating expenses incurred	4,653	15,170

NOTES TO THE FINANCIAL STATEMENTS

Accounting judgements, estimates and assumptions

Fair value of the investment property is ascertained by independent valuations carried out by chartered valuation surveyors, who have recent experience in valuing properties of akin location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and the 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC) by the independent valuers. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The changes in fair value are recognised in the income statement. The determined fair values of investment properties, using investment method, are most sensitive to the estimated yield as well as the long term occupancy rate.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in the valuer's considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Description of valuation techniques used and key inputs to valuation on investment properties:

Property	Method of Valuation	Effective date of valuation	Name of the Chartered Valuation Surveyor	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Land of					
Ahungalla Holiday Resorts (Pvt) Ltd	Comparison Method	31 December 2021	Mr. S Fernando	Estimated price per perch Rs. 260,000 - 420,000	Positively correlated sensitivity
Resort Hotels Ltd	Comparison Method	31 December 2021	Mr. S Fernando	Estimated price per perch Rs. 110,000 - 260,000	Positively correlated sensitivity
Trinco Walk Inn Ltd	Comparison Method	31 December 2021	Mr. S Fernando	Estimated price per perch Rs. 120,000 - 340,000	Positively correlated sensitivity
Wirawila Walk Inn Ltd	Comparison Method	31 December 2021	Mr. S Fernando	Estimated price per perch Rs. 23,750	Positively correlated sensitivity

Summary description of valuation methodologies used can be found in Note 19.2

22 INTANGIBLE ASSETS

Accounting Policy

Basis of recognition

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

Basis of measurement

The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged to income statement in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

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

Intangible assets with indefinite useful lives such as Goodwill are not amortised but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

22.1 Intangible assets

As at 31 March In Rs. '000s	Group	
	2022	2021
Goodwill		
At the beginning of the year	670,407	670,407
Adjustments on impairment	-	-
At the end of the year	670,407	670,407
As at 31 March	Net Carrying Value of Goodwill	
In Rs. '000s	2022	2021
Cinnamon resorts	670,407	670,407
	670,407	670,407

The recoverable amount of all Cash Generating Units (CGUs) have been determined based on the fair value less cost to sell or Value In Use (VIU) calculation

Accounting judgements, estimates and assumptions

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 to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow 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 cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Gross Margins

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

Inflation

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

Discount Rate

The discount rate used is the risk free pre-tax discount rate, adjusted by the addition of an appropriate risk premium.

Volume Growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on industry growth rates.

Cash flows beyond the five year period has been extrapolated using a zero growth rate.

23 Investment in Subsidiaries

Accounting Policy

Investment in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in the income statement. Following initial recognition, Investment In subsidiaries are carried at cost less any accumulated impairment losses.

23.1 Carrying value

As at 31 March In Rs. '000s	Note	Group		Company	
		2022	2021	2022	2021
Investments in subsidiaries - Unquoted	23.2	-	-	12,688,540	12,682,683
		-	-	12,688,540	12,682,683

23.2 Investment in subsidiaries - Unquoted

As at 31 March	Group		Company			
	Effective Holding		Effective Holding		Cost (Rs. '000)	
	2022	2021	2022	2021	2022	2021
Ceylon Holiday Resorts Ltd	99.39%	99.39%	99.39%	99.39%	3,152,248	3,152,248
Habarana Lodge Ltd	98.35%	98.35%	98.35%	98.35%	695,084	695,084
International Tourists and Hoteliers Ltd	99.33%	99.33%	99.33%	99.33%	2,094,401	2,094,401
Kandy Walk Inn Ltd	98.39%	98.39%	98.39%	98.39%	408,998	408,998
Habarana Walk Inn Ltd	98.77%	98.77%	98.77%	98.77%	311,851	311,851
John Keells Maldivian Resorts (Pte) Ltd	100.00%	100.00%	100.00%	100.00%	4,739,853	4,739,853
Rajawella Hotels Co. Ltd	100.00%	100.00%	100.00%	100.00%	36,448	35,982
Trinco Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	95,940	95,940
Wirawila Walk Inn Ltd	100.00%	100.00%	100.00%	100.00%	29,064	28,406
Yala Village (Pvt) Ltd	93.78%	93.78%	93.78%	93.78%	300,678	300,678
Trinco Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	357,000	357,000
Ahungalla Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	135,538	134,848
Nuwara Eliya Holiday Resorts (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	331,237	327,194
Cinnamon Holidays (Pvt) Ltd	100.00%	100.00%	100.00%	100.00%	200	200
Resort Hotels Ltd	99.39%	99.39%	-	-	-	-
Tranquility (Pte) Ltd	100.00%	100.00%	-	-	-	-
Travel Club (Pte) Ltd	100.00%	100.00%	-	-	-	-
Fantasea World Investments (Pte) Ltd	100.00%	100.00%	-	-	-	-
Beruwala Holiday Resorts (Pvt) Ltd	99.33%	99.33%	-	-	-	-
Hikkaduwa Holiday Resorts (Pvt) Ltd	99.39%	99.39%	-	-	-	-
Total investments in subsidiaries					12,688,540	12,682,683

NOTES TO THE FINANCIAL STATEMENTS

23.3 Material partly-owned subsidiaries

The Group has concluded that non-controlling interest is not material in aggregate and individually for disclosure purpose.

24 Investment in Equity Accounted Investees

Accounting Policy

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint venture entered into by the Group, which has been accounted for using the equity method, is

Name	Country of incorporation
Sentinel Realty (Pvt) Ltd	Sri Lanka

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associate company which has been accounted for under the equity method of accounting is:

Name	Country of incorporation
Indra Hotels & Resorts Kandy (Pvt) Ltd	Sri Lanka

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The share of profit or loss of an associate or a joint venture is shown on the face of income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of result of equity accounted investees' in the income statement.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

The accounting policies of associate companies and joint ventures conform to those used for similar transactions of the Group.

Equity method of accounting has been applied for associates and joint ventures using their corresponding/matching 12 month financial period.

Nature of the entity's relationship, principal place of business and the country of incorporation is disclosed in group directory.

As at 31 March In Rs. '000s	Effective Holding	Group		Company	
		2022	2021	2022	2021
Carrying value					
Investments in joint venture - Unquoted					
Sentinel Realty (Pvt) Ltd	50%	75,692	73,269	70,262	69,512
Investments in associate - Unquoted					
Indra Hotels & Resorts Kandy (Pvt) Ltd	40%	700,243	700,142	696,560	696,560
		775,935	773,411	766,822	766,072

24.1 Summarised financial information of equity accounted investees

For the year ended 31 March In Rs. '000s	Sentinel Realty (Pvt) Ltd		Indra Hotels & Resorts Kandy (Pvt) Ltd		Total	
	2022	2021	2022	2021	2022	2021
Group share of;						
Revenue	29	68	-	-	29	68
Operating (expenses)/income	1,658	(4,477)	(135)	(92)	1,523	(4,569)
Net finance income	-	24	268	1,755	268	1,779
Changes in fair value of investment properties	-	(25)	-	-	-	(25)
Tax (expense)/reversal	(14)	74	(32)	(399)	(46)	(325)
Share of results of equity accounted investees	1,673	(4,336)	101	1,264	1,774	(3,072)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	1,673	(4,336)	101	1,264	1,774	(3,072)

The share of results of equity accounted investees in Income Statement and Other Comprehensive Statement are shown net of all related taxes.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	Sentinel Realty (Pvt) Ltd		Indra Hotels & Resorts Kandy (Pvt) Ltd		Total	
	2022	2021	2022	2021	2022	2021
In Rs. '000s						
Group share of;						
Total assets	76,281	75,319	978,824	767,332	1,055,105	842,651
Total liabilities	(589)	(2,050)	(278,581)	(67,190)	(279,170)	(69,240)
Net assets	75,692	73,269	700,243	700,142	775,935	773,411

The Group and the Company have neither contingent liabilities nor capital and other commitments in respect of its joint venture and associate.

25 Non-Current Financial Assets

As at 31 March	Note	Group		Company	
		2022	2021	2022	2021
In Rs. '000s					
Outside Investments					
Quoted					
Ceylon Hotels Corporation PLC		5	6	5	6
Unquoted					
Rainforest Ecolodge (Pvt) Ltd		8,871	13,610	-	-
Sri Lanka Hotel Tourism Training Institute Ltd		50	50	-	-
Rajawella Holdings Ltd		161,357	161,357	-	-
		170,278	175,017	-	-
Loans to executives	25.1	3,517	5,011	-	-
Total non-current financial assets		173,800	180,034	5	6

25.1 Loans to executives

As at 31 March In Rs. '000s	Group	
	2022	2021
At the beginning of the year	6,711	8,338
Loans granted/transfers	502	1,932
Recoveries	(2,438)	(3,559)
At the end of the year	4,775	6,711
Receivable within one year	1,258	1,700
Receivable between one and five years	3,517	5,011
	4,775	6,711

26 Other Non-Current Assets

As at 31 March In Rs. '000s	Group	
	2022	2021
Prepaid staff loans	527	872
	527	872

27 Inventories**Accounting Policy**

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

Food and Beverage	- On a weighted average basis
Housekeeping and Maintenance	- On a weighted average basis
Other inventories	- At actual cost

27.1 Inventories

As at 31 March In Rs. '000s	Group	
	2022	2021
Food and beverage	227,700	119,447
Housekeeping and maintenance	186,512	137,496
Others	6,858	5,487
	421,070	262,430
Less : Provision for slow moving inventories	(2,317)	(4,425)
	418,753	258,005

There were no inventories pledged as security for borrowings as at 31 March 2022 (as at 31 March 2021- Nil).

NOTES TO THE FINANCIAL STATEMENTS

28 Trade and Other Receivables

Receivables represent the Group's right to an amount of consideration that is unconditional. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

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

As at 31 March In Rs. '000s	Note	Group	
		2022	2021
Trade receivables		2,655,430	436,849
Provision for expected credit loss	28.1	(159,565)	(124,278)
Other receivables		179,098	124,805
Loans to executives	25.1	1,258	1,700
		2,676,221	439,076

Refer Note 10.1.3 for age analysis of trade and other receivables.

28.1 Movement of provision for expected credit losses

As at 31 March

In Rs. '000s	Group Expected credit loss
01 April 2021	124,278
Charge for the year	35,287
As at 31 March 2022	159,565

29 Other Current Assets

As at 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Prepayments and non-cash receivables	297,799	164,057	-	-
Tax recoverable	562,519	538,978	-	-
	860,318	703,035	-	-

30 Short Term Investments

Accounting Policy

Short-term investments are liquid assets or cash, which are being held for a short period of time, with the primary purpose of controlling the tactical asset allocation.

Cash and cash equivalents in the statement of cash flows comprise of cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the cashflow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

As at 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Bank deposits (Less than 3 months) reported for cash flow	29,605	86,435	672	-
Bank deposits (more than 3 months and less than 1 year)	25,382	64,766	-	-
Total short term investments	54,987	151,201	672	-
Reported in statement of cash flows	29,605	86,435	672	-

31 Stated Capital and Other Components Of Equity

Accounting Policy

The ordinary shares of John Keells Hotels PLC are quoted on the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible for one vote per share at General Meetings of the Company. The Group has in place an Employee Share Option Plan. Refer Note 32 for further details.

31.1 Stated Capital

As at 31 March	2022		2021	
	Number of shares '000s	Value of shares in Rs. '000s	Number of shares '000s	Value of shares in Rs. '000s
Fully paid ordinary shares				
At the beginning of the year	1,456,147	9,500,247	1,456,147	9,500,247
Issue of shares	-	-	-	-
At the end of the year	1,456,147	9,500,247	1,456,147	9,500,247

31.2 Other components of equity

As at 31 March In Rs. '000s	Note	Group		Company	
		2022	2021	2022	2021
Revaluation reserve	31.2.1	5,869,914	5,039,079	-	-
Foreign currency translation reserve	31.2.2	12,324,400	6,305,289	-	-
Fair value reserve of financial assets at FVOCI	31.2.3	(9,367)	(4,686)	(8)	(7)
Employee share option plan reserve	31.2.4	59,485	59,042	-	-
		18,244,432	11,398,724	(8)	(7)

NOTES TO THE FINANCIAL STATEMENTS

- 31.2.1** Revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment.
- 31.2.2** Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations into Sri Lankan Rupees.
- 31.2.3** Fair value reserve of financial assets at FVOCI includes changes of fair value of equity instruments.
- 31.2.4** Employee share option plan reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

32 Share-Based Payment Plans

Accounting Policy

Employee share option plan

Employees of the company and its subsidiaries are eligible to participate in employee share option schemes of John Keells Holdings PLC (Ultimate parent). Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transaction)

The Group applies SLFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares from financial year 2013/14 onwards.

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Employee Share Option Scheme

Under the John Keells Group's Employees share option scheme (ESOP), share options of the parent are granted to senior executives of the company and the subsidiary with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives.

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

For the year ended 31 March In Rs. '000s	Group	
	2022	2021
Expense/(Reversal) arising from equity-settled share-based payment transactions	443	(542)
Total expense/(reversal) arising from share-based payment transactions	443	(542)

Movements during the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in share options during the year:

As at 31 March	Group			
	2022		2021	
	No.	WAEP	No.	WAEP
Outstanding at 1 April	489,076	156.58	641,692	139.70
Forfeited during the year	(216,515)	143.93	(152,616)	150.31
Outstanding at 31 March	272,561	163.17	489,076	156.58
Exercisable at 31 March	236,901	164.16	382,207	155.62

Accounting judgements, estimates and assumptions

The fair value of the share options is estimated at the grant date using most appropriate valuation model, taking into account the terms and conditions upon which the share options were granted.

The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk free interest rate.

33 Interest Bearing Loans and Borrowings

33.1 Bank Borrowings

As at 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Movement				
Balance at the beginning of the year	15,163,095	11,721,527	1,023,154	-
Cash movement				
Loans obtained during the year	2,066,850	5,047,683	-	1,002,651
Repayments during the year	(2,603,751)	(2,426,512)	(3,005)	-
Non-cash movement				
Accrued interest	376,128	253,804	85,967	20,442
Amortisation of transaction cost	4,468	159	231	61
Currency translation difference	5,170,835	566,434	-	-
Balance at the end of the year	20,177,625	15,163,095	1,106,347	1,023,154
Analysed by repayment period				
Repayable within one year	3,710,639	1,922,745	1,421	2,594
Repayable after one year	16,466,986	13,240,350	1,104,926	1,020,560
	20,177,625	15,163,095	1,106,347	1,023,154

NOTES TO THE FINANCIAL STATEMENTS

33.2 Security and Repayment Terms of Borrowings

As at 31 March In Rs. '000s	Nominal Interest Rate	Repayment terms	Carrying value of collaterals	Group	
				2022	2021
Ceylon Holiday Resorts Ltd	Fixed	48 monthly instalments after a grace period of 12 months commencing from January 2023	Letter of Comfort from John Keells Holdings PLC	602,349	-
	Fixed	3 monthly instalments after a grace period of 9 months commencing from June 2021	Letter of Comfort from John Keells Holdings PLC	-	25,753
	Fixed for the first 5 years and 1 month AWPLR plus margin for the next 5 years	102 monthly instalments after a grace period of 18 months, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC	3,083,889	2,838,351
Beruwala Holiday Resorts (Pvt) Ltd	1 month LIBOR based plus margin	24 monthly instalments after debt moratorium, commencing from July 2022	-	334,294	218,677
	Fixed	3 monthly instalments after a grace period of 9 months commencing from June 2021	Letter of Comfort from John Keells Holdings PLC	-	25,753
Habarana Lodge Ltd	1 month LIBOR based plus margin	24 monthly instalments after debt moratorium, commencing from July 2022	-	59,085	37,939
	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	39,966	38,453
Hikkaduwa Holiday Resorts (Pvt) Ltd	1 month LIBOR based plus margin	24 monthly instalments after debt moratorium, commencing from July 2022	-	249,659	160,304
	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	19,921	19,148
	Fixed	72 monthly instalments after a grace period of 12 months and moratorium period, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC	560,359	193,311
Trinco Holiday Resorts (Pvt) Ltd	AWPLR based plus margin	13 monthly instalments after a grace period of 12 months and debt moratorium, commencing from July 2022	Letter of comfort of John Keells Hotels PLC	100,328	94,238
	1 month LIBOR based plus margin	24 monthly instalments after debt moratorium, commencing from July 2022	-	69,172	63,152
	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	19,504	18,723

As at 31 March In Rs. '000s	Nominal Interest Rate	Repayment terms	Carrying value of collaterals	Group	
				2022	2021
Yala Village (Pvt) Ltd	1 month LIBOR based plus margin	24 monthly instalments after debt moratorium, commencing from July 2022	-	22,567	28,462
	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	44,326	21,712
Habarana Walk Inn Ltd	Fixed	18 monthly instalments after a grace period of 6 months and debt moratorium, commencing from July 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	13,365	12,855
Kandy Walk Inn Ltd	Fixed	18 monthly instalments after a grace period of 6 months commencing from June 2022	Corporate Guarantee from John Keells Hotels PLC and Letter of Comfort from John Keells Holdings PLC	28,064	26,965
John Keells Hotels PLC	Fixed	15 monthly instalments after a grace period of 9 months commencing from June 2021	Letter of undertaking from John Keells Hotels PLC	1,421	4,374
	Fixed for the first 3 years and 1 month AWPLR plus margin for the next 4 years	10 bi-annual instalments after a grace period of 24 months commencing from June 2023	Letter of Comfort from John Keells Holdings PLC	1,104,926	1,018,780
Tranquility (Pte) Ltd	3 months LIBOR based plus margin	16 quarterly instalments after 12 months grace period commencing from September 2019 and moratorium period of 12 months from March 2020 to February 2021	Leasehold right on the Island of Kanuoiy Huraa in Kaafu (Male')	8,084,940	5,591,930
	3 months LIBOR based plus margin	12 Monthly equal instalments commencing March 2021		-	177,866
Fantasea World Investments (Pte) Ltd	3 months LIBOR based plus margin	22 quarterly instalments after 18 months grace period commencing from December 2018 and moratorium period of 12 months from March 2020 to February 2021	Leasehold rights of Island of Hakuraa Huraa.	5,739,490	3,817,658
	3 months LIBOR based plus margin	12 Monthly equal instalments commencing March 2021		-	127,791
John Keells Maldivan Resorts (Pte) Ltd	3 months LIBOR based plus margin	6 Monthly equal instalments after 6 months grace period commencing from February 2021	Letter of comfort of John Keells Hotels PLC	-	600,900
				20,177,625	15,163,095

NOTES TO THE FINANCIAL STATEMENTS

34 Employee Benefit Liability

Accounting Policy

Employee contribution plans - EPF/ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

Employee defined benefit plan - gratuity

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the other comprehensive income.

Other long term employee benefits

Long-Term Incentive Plan (LTI) has been launched for senior employees of the Group. The overall incentive will be paid in cash as a lump sum payment upon achievement of key performance indicators linked to the five year strategic plan in place. The Liability recognised in respect other long term employee benefits are measured as the present value of the estimated future cash outflows expected to be made by the Group in relation to the performance and the services of the relevant employees, up to the reporting date.

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 obligation is not externally funded.

As at 31 March In Rs. '000s	Note	Group	
		2022	2021
Employee defined benefit plan - gratuity	34.1	234,568	209,344
Other long term employee benefits	34.2	5,377	10,222
Balance at the end of the year		239,945	219,566

34.1 Employee defined benefit plan - gratuity

As at 31 March In Rs. '000s	Group	
	2022	2021
Balance at the beginning of the year	209,344	186,983
Current service cost	18,182	20,301
Interest cost on benefit obligation	16,825	20,123
Payments	(19,635)	(18,218)
Transfers	676	39
(Gain)/Loss arising from changes in assumptions	9,176	116
Balance at the end of the year	234,568	209,344
The expenses recognised in the following line items in the income statement		
Cost of sales	16,382	21,207
Administrative expenses	17,403	12,074
Distribution expenses	1,898	7,182
	35,683	40,463

Accounting judgements, estimates and assumptions

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date.

The employee benefit liability of the Group is based on the actuarial valuations carried out by Smiles Global (Pvt) Ltd., actuaries.

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

In Rs. '000s	2022	2021
Discount rate	9%	8%
Future salary increases	8%	8%

34.1.1 Sensitivity of assumptions used

If one percentage point change is assumed in the discount rate and salary increment rate, it would have the following effects:

As at 31 March In Rs. '000s	Group			
	Discount rate		Salary increment	
	2022	2021	2022	2021
Effect on the defined benefit obligation liability				
Increase by one percentage point	(8,252)	(2,151)	9,357	6,780
Decrease by one percentage point	8,904	2,565	(8,824)	(6,463)

34.1.2 Maturity analysis of the payments

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

As at 31 March In Rs. '000s	Group	
	2022	2021
Within the next 12 months	97	9,644
Between 1 and 2 years	17,150	19,871
Between 2 and 5 years	194,618	107,560
Between 5 and 10 years	22,703	72,269
Total expected payments	234,568	209,344

The Group weighted average duration of the defined benefit plan obligation is 5.35 (2021 - 5.51) years.

NOTES TO THE FINANCIAL STATEMENTS

34.2 Other long term employee benefits

As at 31 March In Rs. '000s	Group	
	2022	2021
Balance at the beginning of the year	10,222	9,490
Current service cost	(2,703)	4,603
Payments	(2,142)	(3,871)
Balance at the end of the year	5,377	10,222

35 Other Deferred Liabilities

As at 31 March In Rs. '000s	Group	
	2022	2021
Balance at the beginning of the year	58,632	-
Non-cash movement		
Additions	-	91,660
Currency translation difference	18,468	4,489
Net Cash flow from financing activities	(26,616)	(37,517)
Balance at the end of the year	50,484	58,632

This represents amounts due to Ooredoo Maldives PLC for providing total ICT Infrastructure solution to Tranquility (Pte) Ltd. Payment is to be made on a pre-agreed 5 year instalment plan.

36 Non-Current Financial Liabilities

As at 31 March In Rs. '000s	Group	
	2022	2021
Non-refundable deposits		
Balance at the beginning of the year	53,205	92,958
Non-cash movement		
Currency translation difference	24,812	1,406
Amortised during the year	(4,257)	(41,159)
Balance at the end of the year	73,760	53,205

This represents non-refundable deposits received from Liveaboard Maldives Pte Ltd to provide required facilities to house its equipments and to operate a dive base and a water sport centre at Tranquility (Pte) Ltd for a period of 120 months.

37 Trade and Other Payables

Accounting Policy

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business.

Trade payables are classified as current liabilities if payment is due within one year.

As at 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Trade payables	825,557	428,001	-	-
Other payables	500,175	490,956	8,427	8,123
Accrued expenses	326,698	214,261	2,566	2,333
	1,652,430	1,133,218	10,993	10,456

Trade and other payables are normally non-interest bearing and settled within one year. For further explanation on the Group's liquidity risk management process refer Note 10.2.

38 Other Current Liabilities

Accounting Policy

Group classifies all non-financial current liabilities under other current liabilities.

These include non-refundable deposits, advances and other tax payables.

As at 31 March In Rs. '000s	Group	
	2022	2021
Contract Liabilities	773,577	272,548
Non-refundable deposits	38,770	25,687
Other tax payables	287,814	129,836
	1,100,161	428,071

39 Related Party Transactions

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business at arm's length price with the following related entities. Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transactions Review Committee" and Group directory. The list of Directors at each of the subsidiary and joint venture companies have been disclosed in the Group directory under the Supplementary Information section of the Annual Report.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding current account balances at the year end are unsecured, interest free and settlements occur in cash. Loans are given at pre-agreed terms and interest rates.

NOTES TO THE FINANCIAL STATEMENTS

Non-recurrent related party transactions

There were no non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per 31 March 2021 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2021 audited financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

39.1 Amounts due from related parties

As at 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Ultimate parent				
John Keells Holdings PLC	79	55	-	-
	79	55	-	-
Companies under common control				
Asian Hotels & Properties PLC	101	20	-	-
Ceylon Cold Stores PLC	465	216	-	-
Ceylon Holiday Resorts Ltd	-	-	2,930	3,717
Cinnamon Hotel Management Ltd	8,305	2,608	-	-
Habarana Lodge Ltd	-	-	17	25
Habarana Walk Inn Ltd	-	-	6	54
Hikkaduwa Holiday Resorts (Pvt) Ltd	-	-	252	17
Jaykay Marketing Services (Pvt) Ltd	-	44	-	-
John Keells Logistics (Pvt) Ltd	-	108	-	-
John Keells Foundation	12	-	-	-
John Keells Maldivian Resorts (Pte) Ltd	-	-	242	242
John Keells Office Automation (Pvt) Ltd	2,153	1,975	-	-
Kandy Walk Inn Ltd	-	-	12	11
Keells Food Products PLC	60	304	-	-
Mackinnons Travels Pvt Ltd	153	-	-	-
Rajawella Holdings Ltd	415	743	-	-
Sancity Hotels & Properties Ltd	6	31	-	-
South Asia Gateway Terminals (Pvt) Ltd	1,265	151	-	-
Trans Asia Hotels PLC	121	4	-	-
Trinco Holiday Resorts (Pvt) Ltd	-	-	8	8
Trinco Walk Inn Ltd	-	-	5	3
Walkers Tours Ltd	42,724	1,710	-	-
Whittall Boustead (Travel) Ltd	7,409	-	-	-
Yala Village (Pvt) Ltd	-	-	10	18
	63,189	7,914	3,482	4,095
Equity accounted investees				
Sentinel Realty (Pvt) Ltd	306	576	21	344
Indra Hotels & Resorts Kandy (Pvt) Ltd	23	91	22	91
	329	667	43	435
	63,597	8,636	3,525	4,530

39.2 Amounts due to related parties

As at 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Ultimate parent				
John Keells Holdings PLC	11,635	17,242	533	532
Companies under common control				
Cinnamon Hotel Management Ltd	110,984	43,727	181	399
Cinnamon Hotel Management International (Pvt) Ltd	127,501	29,119	-	-
InfoMate (Pvt) Ltd	5,644	3,364	147	57
Mackinnons Travel (Pvt) Ltd	818	263	-	-
John Keells International (Pvt) Ltd	254	1,243	-	-
Walkers Tours Ltd	958	1,521	-	-
Sancity Hotels & Properties Ltd	120	274	-	-
Trans Asia Hotels PLC	114	313	-	-
Asian Hotels & Properties PLC	14	37	-	-
Keells Consultants (Pvt) Ltd	811	1,452	356	783
John Keells Office Automation (Pvt) Ltd	923	79	-	-
Jaykay Marketing Services (Pvt) Ltd	12	36	-	-
Yala Village (Pvt) Ltd	-	-	59	15
Trinco Holiday Resorts (Pvt) Ltd	-	-	-	1,335
	248,153	81,428	743	2,589
	259,788	98,670	1,276	3,121

NOTES TO THE FINANCIAL STATEMENTS

39.3 Transactions with related parties

For the year ended 31 March

In Rs. '000s	Note	Group		Company	
		2022	2021	2022	2021
Ultimate parent					
Receiving of services		(136,979)	(115,641)	(5,680)	(6,388)
Rendering of services		5	11,448	-	-
Companies under common control					
Purchase of goods	39.4	(686)	(414)	-	-
Rendering of services	39.4	95,088	9,331	-	-
Receiving of services	39.4	(983,395)	(382,543)	(849)	(1,964)
Subsidiaries					
Guarantee income received	39.5	-	-	21,701	13,940
Transfers under finance agreement	39.5	-	-	258,364	-
Settlement under finance agreement	39.5	-	-	(250,000)	-
Key management personnel (KMP)					
Close family members of KMP					
Companies controlled/ jointly controlled/ significantly influenced by KMP and their close family members					
Post employment benefit plan					
Post employment benefit plan		(1,582)	(1,402)	-	-

39.4 Transactions with companies under common control

For the year ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Purchase of goods				
Ceylon Cold Stores PLC	-	(174)	-	-
Jaykay Marketing Services (Pvt) Ltd	(198)	(199)	-	-
John Keells Office Automation (Pvt) Ltd	(450)	(41)	-	-
Keells Food Products PLC	(38)	-	-	-
	(686)	(414)	-	-
Rendering of services				
Walkers Tours Ltd	71,450	3,781	-	-
Whittall Boustead (Travel) Ltd	3,502	527	-	-
Cinnamon Hotel Management Ltd	13,714	230	-	-
Mackinnons Travel (Pvt) Ltd	512	-	-	-
John Keells Office Automation (Pvt) Ltd	2,894	2,102	-	-
South Asia Gateway Terminals (Pvt) Ltd	1,217	469	-	-
Other related parties	1,799	2,222	-	-
	95,088	9,331	-	-
Receiving of services				
Infomate (Pvt) Ltd	(46,188)	(34,896)	(173)	(686)
Keells Consultants (Pvt) Ltd	(3,871)	(3,295)	(676)	(1,278)
John Keells International (Pvt) Ltd	(2,875)	(14,690)	-	-
John Keells Office Automation (Pvt) Ltd	(3,435)	(890)	-	-
Cinnamon Hotel Management Ltd	(645,046)	(194,604)	-	-
Cinnamon Hotel Management International (Pvt) Ltd	(274,600)	(130,266)	-	-
Mackinnons Travels (Pvt) Ltd	(3,267)	(1,224)	-	-
Walkers Tours Ltd	(2,385)	(2,019)	-	-
Other related parties	(1,728)	(659)	-	-
	(983,395)	(382,543)	(849)	(1,964)

NOTES TO THE FINANCIAL STATEMENTS

39.5 Transactions with subsidiaries

For the year ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Guarantee income received				
Ceylon Holiday Resorts Ltd	-	-	16,012	12,810
Kandy Walk Inn Ltd	-	-	138	46
Habarana Lodge Ltd	-	-	196	66
Habarana Walk Inn Ltd	-	-	66	22
Yala Village (Pvt) Ltd	-	-	111	38
Trinco Holiday Resorts (Pvt) Ltd	-	-	95	32
Hikkaduwa Holiday Resorts (Pvt) Ltd	-	-	2,233	33
John Keells Maldivian Resorts (Pte) Ltd	-	-	2,850	893
	-	-	21,701	13,940
Transfers under finance agreement				
Ceylon Holiday Resorts Ltd	-	-	258,364	-
	-	-	258,364	-
Settlement under finance agreement				
Ceylon Holiday Resorts Ltd	-	-	(250,000)	-
	-	-	(250,000)	-

39.6 Compensation of Key Management Personnel

For the year ended 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Short term employee benefits	6,480	5,400	6,480	5,400
Post employment benefits	-	-	-	-
Other long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	6,480	5,400	6,480	5,400

Key management personnel include members of the Board of Directors of John Keells Hotels PLC, its subsidiaries and John Keells Holdings PLC.

40 Commitments

Capital and Guarantee Commitments

As at 31 March In Rs. '000s	Group		Company	
	2022	2021	2022	2021
Capital commitments contracted but not incurred	-	215,591	-	-
Capital commitments approved but not contracted	-	310,728	-	-
Guarantees commitment	4,606,776	3,779,322	4,600,129	3,779,322
	4,606,776	4,305,641	4,600,129	3,779,322

41 Assets Pledged

Assets pledged for facilities obtained is given in Note 33.2 to the financial statements.

42 Contingent Liabilities**Accounting Policy****Provisions, contingent assets and contingent liabilities**

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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, 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 income statement 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or
- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15)

Contingent assets are disclosed, where inflow of economic benefit is probable.

There were no significant contingent liabilities as at the reporting date except for the following:

Yala Village (Pvt) Ltd**Income Tax Assessments relating to years of assessment 2014/15 to 2017/2018**

The company has lodged appeals against the assessments and is contesting these under appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2022 is estimated at Rs. 3.3Mn.

The management is confident that the ultimate resolution of the above contingencies are unlikely to have a material adverse effect on the financial position of the Group.

43 Events Subsequent to the Reporting Date

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022. Financial impact arising from the same is discussed in Note 17.

There have been no events subsequent to the reporting date, which require disclosure in the financial statements, but the Group has been closely monitoring the impact of the current economic conditions on the Group's business operations.

As the situation evolves, the Group will keep its risk management measures under continual review, and pro-actively take measures to ensure that business operations continue as seamlessly as possible.



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QUARTERLY INFORMATION

Income Statement - Group

For the period ended 31 March

In Rs. '000s	2021/22				
	June 30th	September 30th	December 31st	March 31st	For the year ended
Revenue	1,541,199	2,377,811	3,918,249	5,517,465	13,354,724
Cost of sales	(791,015)	(1,033,171)	(1,484,128)	(1,688,807)	(4,997,121)
Gross profit	750,184	1,344,640	2,434,121	3,828,658	8,357,603
Other operating income	4,118	5,224	3,129	103,730	116,201
Administrative expenses	(1,553,942)	(1,612,887)	(1,723,010)	(2,004,730)	(6,894,569)
Distribution expenses	(118,263)	(142,842)	(221,161)	(102,126)	(584,392)
Other operating expenses	(213,439)	(217,620)	(282,789)	(471,347)	(1,185,195)
Finance costs	(289,381)	(300,737)	(309,930)	(334,965)	(1,235,013)
Finance income	6,821	4,714	3,222	6,012	20,769
Change in fair value of investment properties	-	-	-	104,950	104,950
Share of results of equity accounted investees (net of tax)	(9)	(138)	(222)	2,143	1,774
(Loss)/Profit before tax	(1,413,911)	(919,646)	(96,640)	1,132,325	(1,297,872)
Tax reversal/(expense)	183,980	85,298	(28,665)	(159,673)	80,940
(Loss)/Profit after tax	(1,229,931)	(834,348)	(125,305)	972,652	(1,216,932)
Attributable to:					
Equity holders of the parent	(1,223,780)	(827,329)	(121,575)	969,908	(1,202,776)
Non-controlling interests	(6,151)	(7,019)	(3,730)	2,744	(14,156)
	(1,229,931)	(834,348)	(125,305)	972,652	(1,216,932)

Statement of financial position - Group

As at

In Rs. '000s	2021/22			
	June 30th	September 30th	December 31st	March 31st
Assets				
Non-current assets	59,756,663	58,737,835	58,043,163	77,771,020
Current assets	2,256,091	2,513,795	3,292,438	5,751,568
Total Assets	62,012,754	61,251,630	61,335,601	83,522,588
Equity and Liabilities				
Equity attributable to equity holders of the parent	23,264,816	22,358,491	22,228,813	30,040,961
Non-controlling interests	98,434	91,415	87,685	99,428
Total Equity	23,363,250	22,449,906	22,316,498	30,140,389
Non-current liabilities	29,020,635	27,884,763	26,520,879	37,178,927
Current liabilities	9,628,869	10,916,961	12,498,224	16,203,272
Total Liabilities	38,649,504	38,801,724	39,019,103	53,382,199
Total Equity and Liabilities	62,012,754	61,251,630	61,335,601	83,522,588

SHARE INFORMATION

Earnings/(Loss) per share	(0.84)	(0.57)	(0.08)	0.67
Net assets per share	15.98	15.35	15.27	20.63
Market price per share				
Highest	10.30	15.40	15.70	17.50
Lowest	8.90	8.90	11.50	10.50
Last traded price	9.10	14.50	14.70	11.70

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

Income Statement

For the year ended 31 March

In USD '000s	Group		Company	
	2022	2021	2022	2021
Revenue from contracts with customers	64,101	19,366	-	-
Cost of sales	(23,986)	(11,272)	-	-
Gross profit	40,115	8,094	-	-
Other operating income	558	321	104	79
Administrative expenses	(33,093)	(28,985)	(90)	(98)
Distribution expenses	(2,805)	(1,463)	-	-
Other operating expenses	(5,689)	(3,240)	(2)	(1)
Results from operating activities	(914)	(25,273)	12	(20)
Finance costs	(5,928)	(5,947)	(413)	(278)
Finance income	100	176	93	22
Change in fair value of investment properties	504	86	-	-
Share of results of equity accounted investees (net of tax)	9	(16)	-	-
Loss before tax	(6,229)	(30,974)	(308)	(276)
Tax reversal/(expense)	389	3,887	69	-
Loss for the year	(5,840)	(27,087)	(239)	(276)
Attributable to :				
Equity holders of the parent	(5,772)	(26,962)		
Non-controlling interests	(68)	(125)		
	(5,840)	(27,087)		
Exchange rate (SL Rs.)	208.34	189.02	208.34	189.02

Indicative consolidated accounts have been published in USD equivalents for information purposes only.

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. These financial statements should be read together with the auditors opinion and note to the financial statements.

The exchange rates prevailing at each year end have been used for the conversion of the consolidated income statement and the statement of financial position.

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

Statement of Financial Position

As at 31 March	Group		Company	
In USD '000s	2022	2021	2022	2021
ASSETS				
Non-current assets				
Property, plant and equipment	105,974	135,340	-	-
Right-of-use assets	133,390	141,947	-	-
Investment properties	5,800	8,307	-	-
Intangible assets	2,198	3,347	-	-
Investment in subsidiaries	-	-	41,602	63,318
Investment in equity accounted investees	2,544	3,861	2,514	3,825
Non-current financial assets	570	899	-	-
Deferred tax assets	4,510	4,538	34	-
Other non-current assets	2	4	-	-
	254,988	298,243	44,150	67,143
Current assets				
Inventories	1,373	1,288	-	-
Trade and other receivables	8,774	2,192	-	-
Amounts due from related parties	209	43	12	23
Other current assets	2,821	3,510	-	-
Short term investments	180	755	2	-
Cash in hand and at bank	5,501	5,877	1,328	1,964
	18,858	13,665	1,342	1,987
Total assets	273,846	311,908	45,492	69,130
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Stated capital	31,148	47,430	31,148	47,430
Revenue reserve	7,529	17,110	10,642	16,452
Other components of equity	59,818	56,908	-	-
	98,495	121,448	41,790	63,882
Non-controlling interests	326	522	-	-
Total equity	98,821	121,970	41,790	63,882

As at 31 March In USD '000s	Group		Company	
	2022	2021	2022	2021
Non-current liabilities				
Interest-bearing loans and borrowings	53,990	66,103	3,623	5,095
Lease liabilities	64,459	74,807	-	-
Deferred tax liabilities	2,255	3,283	-	-
Employee benefit liability	787	1,096	-	-
Other deferred liabilities	166	293	-	-
Non-current financial liabilities	242	266	-	-
	121,899	145,848	3,623	5,095
Current liabilities				
Trade and other payables	5,418	5,657	36	52
Amounts due to related parties	852	493	4	16
Other current liabilities	3,607	2,137	-	-
Income tax liabilities	400	345	34	72
Interest-bearing loans and borrowings	12,166	9,599	5	13
Lease liabilities	9,664	5,650	-	-
Bank overdrafts	21,019	20,209	-	-
	53,126	44,090	79	153
Total equity and liabilities	273,846	311,908	45,492	69,130
Exchange rate (SL Rs.)	305.00	200.30	305.00	200.30

DECADE AT A GLANCE - GROUP

In Rs. '000s	2022	2021	2020	2019	2018
OPERATING RESULTS					
Revenue	13,354,724	3,660,539	9,711,741	11,032,715	11,614,376
Cost of sales	(4,997,121)	(2,130,666)	(3,496,474)	(3,439,138)	(4,020,790)
Gross profit	8,357,603	1,529,873	6,215,267	7,593,577	7,593,586
Earnings before interest and tax (EBIT)	70,729	(4,712,323)	(633,000)	1,428,010	1,581,774
Finance costs	(1,235,013)	(1,124,063)	(653,104)	(251,103)	(255,519)
Profit/(loss) before tax	(1,297,872)	(5,854,557)	(1,306,957)	1,079,785	1,350,714
Tax reversal/(expense)	80,940	734,749	105,565	(248,090)	(220,116)
Profit/(loss) for the year	(1,216,932)	(5,119,808)	(1,201,392)	831,695	1,130,598
Attributable to :					
Equity holders of the parent	(1,202,776)	(5,096,181)	(1,200,568)	816,810	1,118,951
Non-controlling interests	(14,156)	(23,627)	(824)	14,885	11,647
	(1,216,932)	(5,119,808)	(1,201,392)	831,695	1,130,598
ASSETS					
Non-current assets					
Property, plant and equipment (PPE)	32,322,034	27,108,615	26,692,178	17,563,154	14,083,594
Right-of-use assets (ROU)	40,683,891	28,432,037	26,115,233	-	-
Lease rentals paid in advance (LRPA)	-	-	-	11,449,766	10,587,355
Investment properties (IP)	1,768,900	1,663,950	1,647,700	1,626,196	1,573,798
Intangible assets (IA)	670,407	670,407	670,407	670,407	670,407
Non current assets other than PPE, ROU, LRPA, IP and IA	2,325,788	1,863,367	1,126,923	822,176	355,755
	77,771,020	59,738,376	56,252,441	32,131,699	27,270,909
Current assets					
Short Term Investments (STI) and Cash in hand and Bank (C&B)	1,732,679	1,328,341	1,461,154	2,253,324	4,165,911
Current assets other than STI and C&B	4,018,889	1,408,752	2,862,489	2,865,444	1,799,020
	5,751,568	2,737,093	4,323,643	5,118,768	5,964,931
Total assets	83,522,588	62,475,469	60,576,084	37,250,467	33,235,840
EQUITY & LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247
Revenue reserves	2,296,282	3,427,168	8,523,704	9,695,525	9,075,560
Other components of equity	18,244,432	11,398,724	10,721,124	9,564,193	7,633,178
	30,040,961	24,326,139	28,745,075	28,759,965	26,208,985
Non-controlling interests	99,428	104,587	127,318	136,602	144,503
Total equity	30,140,389	24,430,726	28,872,393	28,896,567	26,353,488

	2017	2016	2015	2014	2013
	12,311,664	11,631,973	11,444,150	10,966,381	9,341,581
	(3,907,360)	(3,436,976)	(3,290,496)	(3,590,914)	(3,004,424)
	8,404,304	8,194,997	8,153,654	7,375,467	6,337,157
	2,482,885	2,305,863	2,370,163	2,307,822	1,719,037
	(227,788)	(182,025)	(265,101)	(533,877)	(537,096)
	2,236,128	2,035,221	2,190,687	1,893,239	1,282,896
	(372,620)	(286,422)	(322,923)	(318,313)	(161,877)
	1,863,508	1,748,799	1,867,764	1,574,926	1,121,019
	1,846,130	1,734,543	1,853,724	1,565,846	1,116,779
	17,378	14,256	14,040	9,080	4,240
	1,863,508	1,748,799	1,867,764	1,574,926	1,121,019
	14,354,695	14,272,874	13,560,033	13,152,921	13,471,801
	-	-	-	-	-
	10,714,231	8,537,247	7,861,533	8,235,508	8,639,214
	-	-	-	-	-
	670,407	670,407	670,407	670,407	670,407
	332,441	325,068	137,841	121,392	79,289
	26,071,774	23,805,596	22,229,814	22,180,228	22,860,711
	4,175,145	3,440,751	2,893,304	2,729,432	910,125
	1,836,543	1,653,253	1,626,251	1,557,862	1,493,302
	6,011,688	5,094,004	4,519,555	4,287,294	2,403,427
	32,083,462	28,899,600	26,749,369	26,467,522	25,264,138
	9,500,247	9,500,247	9,500,247	9,500,247	9,500,247
	8,531,777	7,278,122	6,189,643	4,708,642	3,165,257
	6,749,432	6,106,444	4,637,612	3,886,925	3,628,684
	24,781,456	22,884,813	20,327,502	18,095,814	16,294,188
	139,392	132,952	118,187	100,442	92,623
	24,920,848	23,017,765	20,445,689	18,196,256	16,386,811

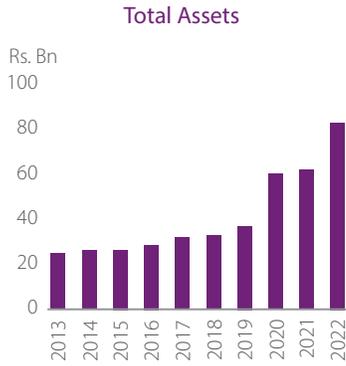
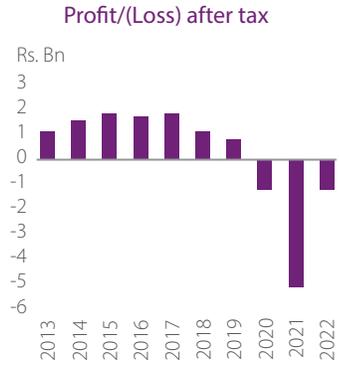
DECADE AT A GLANCE - GROUP

In Rs. '000s	2022	2021	2020	2019	2018
Non-current liabilities					
Non current liabilities other than Lease					
Liabilities & IBB	1,051,971	988,951	1,071,538	1,184,700	1,005,298
Lease Liabilities	19,659,970	14,983,915	12,318,477	-	-
Interest-bearing loans and borrowings (IBB)	16,466,986	13,240,350	10,749,189	3,207,504	2,764,218
	37,178,927	29,213,216	24,139,204	4,392,204	3,769,516
Current liabilities					
Current liabilities other than borrowings, OD and lease liabilities	3,134,267	1,729,135	2,022,604	1,713,985	1,632,908
Lease liabilities	2,947,669	1,131,749	1,103,057	-	-
Current portion of borrowings and bank overdrafts	10,121,336	5,970,643	4,438,826	2,247,711	1,479,928
	16,203,272	8,831,527	7,564,487	3,961,696	3,112,836
Total equity and liabilities	83,522,588	62,475,469	60,576,084	37,250,467	33,235,840
CASH FLOWS					
Net cash flows from/(used in) operating activities	330,239	(997,530)	1,947,185	1,704,850	2,997,104
Net cash flows from/(used) in investing activities	(126,867)	(1,522,983)	(11,016,763)	(3,791,262)	(567,660)
Net cash flows from/(used in) financing activities	(2,122,449)	1,776,082	6,197,212	(380,813)	(333,603)
Net Increase/(decrease) in Cash and Cash Equivalents	(1,919,077)	(744,431)	(2,872,366)	(2,467,225)	2,095,841
KEY INDICATORS					
Basic earnings per share (EPS) (Rs.)	(0.83)	(3.50)	(0.82)	0.56	0.77
EPS growth / (de-growth) (%)	76.29	(326.83)	(246.43)	(27.27)	(39.37)
EBIT Margin (%)	0.53	(128.73)	(6.52)	12.94	13.62
Dividend per share (Rs.)	-	-	-	0.15	0.40
Dividend pay-out (%)	-	-	-	26.79	52.05
Dividend yield (%)	-	-	-	2.00	4.30
Interest cover (no. of times)	0.06	(4.19)	(0.97)	5.69	6.19
Return on equity (%)	(4.48)	(19.29)	(4.18)	3.03	4.43
Pre-tax ROCE (%)	0.10	(8.05)	(1.38)	4.42	5.24
No. of shares in issue ('000)	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147
Net assets per share (Rs.)	20.63	16.71	19.74	19.75	18.00
Debt/Equity (%)	164	145	100	19	16
Debt/Total assets (%)	58.90	56.54	47.23	14.64	12.77
Market price of share as at 31 March (Rs.)	11.70	9.50	6.70	7.50	9.30
Market capitalisation (Rs. '000)	17,036,917	13,833,394	9,756,183	10,921,101	13,542,165
Price earnings ratio (no. of times)	(14.10)	(2.71)	(8.17)	13.39	12.08
Assets turnover (no. of times)	0.16	0.06	0.16	0.30	0.35
Current ratio (no. of times)	0.35	0.31	0.57	1.29	1.92
USD closing rate	305.00	200.30	189.63	175.45	155.90
USD average rate	208.34	189.02	179.42	168.58	153.56

* The figures are derived from financial statements prepared in accordance with SLFRS/LKAS. Figures for the remaining periods are derived from financial statements prepared in accordance with previous SLASs.

	2017	2016	2015	2014	2013
	570,741	555,364	465,709	390,375	297,181
	-	-	-	-	-
	1,083,408	1,852,851	2,900,658	4,245,400	5,571,060
	1,654,149	2,408,215	3,366,367	4,635,775	5,868,241
	1,422,477	1,600,718	1,524,144	1,520,160	1,463,010
	-	-	-	-	-
	4,085,988	1,872,902	1,413,169	2,115,331	1,546,076
	5,508,465	3,473,620	2,937,313	3,635,491	3,009,086
	32,083,462	28,899,600	26,749,369	26,467,522	25,264,138
	3,231,801	3,615,758	3,542,296	3,229,473	2,640,675
	(3,105,447)	(2,364,080)	(1,408,306)	(910,612)	(2,329,157)
	(49,099)	(1,962,069)	(2,324,195)	(938,729)	(338,777)
	77,255	(710,391)	(190,205)	1,380,132	(27,259)
	1.27	1.19	1.27	1.08	0.77
	6.72	(6.30)	17.59	40.26	1.32
	20.17	19.82	20.71	21.04	18.40
	0.40	0.40	0.25	-	0.30
	31.55	33.58	19.64	-	39.12
	4.00	3.33	1.75	-	2.27
	10.90	12.67	8.94	4.32	3.20
	7.82	8.09	9.72	9.16	13.76
	8.78	9.00	9.65	9.64	14.69
	1,456,147	1,456,147	1,456,147	1,456,147	1,456,147
	17.02	15.72	13.96	12.43	11.19
	21	16	21	35	44
	16.11	12.89	16.13	24.03	28.17
	10.00	12.00	14.30	12.50	13.20
	14,561,468	17,473,761	20,822,899	18,201,835	19,221,137
	7.87	10.08	11.26	11.62	17.21
	0.38	0.40	0.43	0.41	0.37
	1.09	1.47	1.54	1.18	0.80
	151.90	147.65	133.45	130.70	126.75
	147.98	139.18	131.24	130.09	139.91

DECADE AT A GLANCE - GROUP GRAPHICAL REVIEW



GROUP REAL ESTATE PORTFOLIO

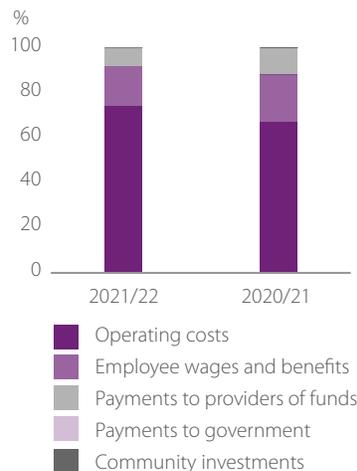
Owning Company and location	Buildings				Land in acres				Net book value	
	Numbers		Square Feet		Freehold property		Leasehold property		Rs:'000	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
PROPERTIES - SRI LANKA										
Beruwala Holiday Resorts (Pvt) Ltd										
Cinnamon Bey Beruwala	9	9	231,903	231,903	10.82	10.82	-	-	4,145,822	3,911,344
Ceylon Holiday Resorts Ltd										
Cinnamon Bentota Beach	8	8	308,658	308,658	2.02	2.02	11.92	11.92	4,501,495	4,297,530
Hikkaduwa Holiday Resorts (Pvt) Ltd										
Hikka Tranz by Cinnamon	5	5	218,362	218,362	0.29	0.29	4.43	4.43	1,832,211	1,176,271
Habarana Lodge Ltd										
Cinnamon Lodge Habarana	79	79	101,162	101,162	-	-	34.00	34.00	755,646	661,624
Habarana Walk Inn Ltd										
Habarana Village by Cinnamon	84	84	90,479	90,479	-	-	9.34	9.34	318,116	282,012
Kandy Walk Inn Ltd										
Cinnamon Citadel Kandy	6	6	128,302	128,302	6.58	6.58	-	-	1,745,394	1,605,598
Resort Hotels Ltd										
Nilaveli	1	1	4,485	4,485	41.73	41.73	-	-	961,700	906,900
Trinco Holiday Resorts (Pvt) Ltd										
Trinco Blu by Cinnamon	9	9	94,931	94,931	13.24	13.24	-	-	1,265,852	1,142,546
Trinco Walk Inn Ltd										
Trincomalee	-	-	-	-	14.15	14.15	-	-	392,500	372,500
Wirawila Walk Inn Ltd										
Wirawila	-	-	-	-	25.15	25.15	-	-	95,600	89,430
Yala Village (Pvt) Ltd										
Cinnamon Wild Yala	78	78	106,052	106,052	-	-	9.34	9.34	498,109	486,071
Ahungalla Holiday Resorts (Pvt) Ltd										
Ahungalla	-	-	-	-	6.51	6.51	-	-	319,100	295,250
Nuwara Eliya Holiday Resorts (Pvt) Ltd										
Nuwara Eliya	-	-	-	-	-	2.66	-	-	-	279,000
PROPERTIES - MALDIVES										
Tranquility (Pte) Ltd										
Cinnamon Dhonveli Maldives	146	146	261,327	261,327	-	-	17.16	17.16	27,650,076	18,362,940
Cinnamon Velifushi Maldives	145	145	263,512	263,512	-	-	13.22	13.22	8,616,321	6,406,116
Travel Club (Pte) Ltd										
Ellaidhoo Maldives by Cinnamon	115	115	178,294	178,294	-	-	13.80	13.80	8,941,042	6,330,220
Fantasea World Investments (Pte) Ltd										
Cinnamon Hakuraa Huraa Maldives	163	163	236,730	236,730	-	-	18.90	18.90	14,259,768	9,455,964
Total	848	848	2,224,197	2,224,197	120.49	123.15	132.11	132.11	76,298,753	56,061,317

CONSOLIDATED ECONOMIC VALUE ADDED STATEMENT

For the year ended 31 March In Rs. '000s	Sri Lanka		Maldives		Group	
	2022	2021	2022	2021	2022	2021
Direct economic value generated						
Revenue	2,890,883	954,602	10,463,841	2,705,937	13,354,724	3,660,539
Finance income	20,769	33,317	-	-	20,769	33,317
Change in fair value of investment properties	104,950	16,250	-	-	104,950	16,250
Share of results of equity accounted investees (net of tax)	1,774	(3,072)	-	-	1,774	(3,072)
Proceeds from sale of property, plant and equipment	364,849	6,977	9,342	30,464	374,191	37,441
	3,383,225	1,008,074	10,473,183	2,736,401	13,856,408	3,744,475
Economic value distributed						
Operating costs	2,992,969	2,099,239	7,970,157	4,330,510	10,963,126	6,429,749
Employee wages and benefits	1,144,524	992,306	1,553,627	1,076,088	2,698,151	2,068,394
Payments to providers of funds	495,919	389,979	739,094	734,084	1,235,013	1,124,063
Payments to government						
Sri Lanka	30,511	25,667	-	-	30,511	25,667
Maldives	-	-	6,454	3,445	6,454	3,445
Community investments	646	547	2,228	508	2,874	1,055
	4,664,569	3,507,738	10,271,560	6,144,635	14,936,129	9,652,373
Net economic value retained / (distributed)	(1,281,344)	(2,499,664)	201,623	(3,408,234)	(1,079,721)	(5,907,898)

Above data has been derived from the audited Financial Statements that were prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS).

Group economic value distributed



GLOSSARY OF FINANCIAL TERMS

<p>A ACCOUNTING POLICIES</p> <p>The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.</p> <p>ACCRUAL BASIS</p> <p>Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.</p> <p>ASSET TURNOVER</p> <p>Revenue divided by average total assets.</p> <p>C CAPITAL EMPLOYED</p> <p>Shareholders' funds plus non-controlling interests and debt including lease liabilities.</p> <p>CONTINGENT LIABILITIES</p> <p>A condition or situation existing as at the date of the report due to past events, where the financial effect is not recognised because:</p> <ol style="list-style-type: none"> 1. The obligation is crystallised by the occurrence or non-occurrence of one or more future events or, 2. A probable outflow of economic resources is not expected or, 3. It is unable to be measured with sufficient reliability <p>CURRENT RATIO</p> <p>Current assets divided by current liabilities.</p> <p>D DEBT/EQUITY RATIO</p> <p>Debt as a percentage of shareholders' funds and non-controlling interest.</p> <p>DIVIDEND PAYOUT RATIO</p> <p>Dividend paid as a percentage of Company profits, adjusted for non-cash gain items.</p> <p>DIVIDEND YIELD</p> <p>Dividends adjusted for changes in number of shares in issue as a percentage of the share price (diluted) at the end of the period.</p>	<p>E EARNINGS PER SHARE (EPS)</p> <p>Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.</p> <p>EBIT</p> <p>Earnings before interest expense and tax (includes other operating income). EBIT includes interest income, depreciation, and share of results of equity accounted investees, but excludes exchange gains or losses on its foreign currency denominated debt cash, receivables and payables.</p> <p>EBIT MARGIN</p> <p>EBIT divided by turnover inclusive of share of share of results of equity accounted investees.</p> <p>EBITDA</p> <p>Earnings before interest expense, tax, and depreciation and amortisation (includes other operating income). EBITDA includes interest income, and share of results of equity accounted investees, but excludes exchange gains or losses on its foreign currency denominated debt cash, receivables and payables.</p> <p>EFFECTIVE TAX RATE</p> <p>Tax expense divided by profit before tax.</p> <p>ENTERPRISE VALUE (EV)</p> <p>Market capitalisation plus net debt/(net cash).</p> <p>EPS GROWTH</p> <p>Percentage of the increase in the EPS over the previous financial year.</p> <p>EQUITY METHOD</p> <p>A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investors' share of net assets of the investee. The income statement of the investor includes the investor's share of the profit or loss of the investee.</p> <p>I INTEREST COVER</p> <p>Consolidated profit before interest and tax over finance expenses.</p>
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GLOSSARY OF FINANCIAL TERMS

N NET ASSETS Total assets minus current liabilities, long term liabilities and non-controlling interests.	T TOTAL DEBT Long and short-term loans, including overdrafts, but excluding lease liabilities. Instances where total debt includes lease liabilities are explicitly mentioned.
NET ASSETS PER SHARE Net assets as at a particular financial year end divided by the number of shares in issue as at the financial year end.	TOTAL EQUITY Shareholders' funds plus non-controlling interest.
NET DEBT (CASH) Total debt minus cash in hand and at bank and short term investments.	W WORKING CAPITAL Current assets minus current liabilities.
P PRE-TAX RETURN ON CAPITAL EMPLOYED Consolidated profit before interest and tax as a percentage of average capital employed at financial year end.	
PRICE EARNINGS RATIO Market price per share (diluted) over diluted earnings per share.	
Q QUICK RATIO Cash plus short-term investments plus receivables, divided by current liabilities.	
R RETURN ON ASSETS Profit after tax divided by the average total assets.	
RETURN ON EQUITY (ROE) Profit attributable to shareholders as a percentage of average shareholders' funds.	
S SHAREHOLDERS' FUNDS Total of stated capital, other components of equity and revenue reserves.	

GROUP DIRECTORY

SRI LANKA

CEYLON HOLIDAY RESORTS LTD

(PB 40) - 99.39%

Owner of Cinnamon Bentota Beach

Incorporated in - 1966

Company operating address - Cinnamon Bentota Beach,
Galle Road, Bentota

Registered office address - No. 117, Sir Chittampalam
Gardiner Mawatha, Colombo 2

Stated Capital - Rs. 2,845.4 Mn

Contact No. - 034-2275176/7

Directors - Mr. S Rajendra
Mr. M R Svensson
Mr. M H Singhawansa
Mr. C L P Gunawardane

HABARANA LODGE LTD

(PB 38) - 98.35%

Owner of Cinnamon Lodge Habarana

Incorporated in - 1978

Company operating address - Cinnamon Lodge Habarana,
P.O. Box 02, Habarana

Registered office address - No. 117, Sir Chittampalam A
Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 341.5 Mn

Contact No. - 066-2270011/2

Directors - Mr. S Rajendra
Mr. M R Svensson
Mr. M H Singhawansa
Mr. C L P Gunawardane

HABARANA WALK INN LTD

(PB 33) - 98.77%

Owner of Habarana Village by Cinnamon

Incorporated in - 1973

Company operating address - Habarana Village by Cinnamon,
P.O. Box 01, Habarana

Registered office address - No. 117, Sir Chittampalam
A Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 126.3 Mn

Contact No. - 066-2270046/7

Directors - Mr. M R Svensson
Mr. K C Subasinghe
Mr. M H Singhawansa
Mr. C L P Gunawardane

INTERNATIONAL TOURISTS AND HOTELIERS LTD

(PB 17) - 99.33%

Owner of Beruwala Holiday Resorts (Pvt) Ltd

Incorporated in - 1973

Registered office address - No. 117, Sir Chittampalam
A Gardiner Mawatha, Colombo 2

Stated Capital - Rs. 1,939.7 Mn

Contact No. - 011-2306000

Directors - Mr. M R Svensson
Mr. K C Subasinghe
Mr. M H Singhawansa
Mr. C L P Gunawardane

KANDY WALK INN LTD

(PB 395) - 98.39%

Owner of Cinnamon Citadel Kandy

Incorporated in - 1979

Company operating address - Cinnamon Citadel Kandy,
124, Srimath Kuda Ratwatte
Mawatha, Kandy

Registered office address - No. 117, Sir Chittampalam
A Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 115.2 Mn

Contact No. - 081-2234365/6

Directors - Mr. M R Svensson
Mr. K C Subasinghe
Mr. M H Singhawansa
Mr. C L P Gunawardane

RAJAWELLA HOTELS COMPANY LTD

(PB 92) - 100%

Incorporated in - 1992

Registered office address - No. 117, Sir Chittampalam
A Gardiner Mawatha, Colombo 02

Stated Capital - Rs. 36.4 Mn

Contact No. - 011-2306000

Directors - Mr. M R Svensson
Mr. K C Subasinghe
Mr. M H Singhawansa
Mr. C L P Gunawardane

GROUP DIRECTORY

TRINCO WALK INN LTD

(PB 168)	- 100%
Owner of real estate in Trincomalee	
Incorporated in	- 1984
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02
Stated Capital	- Rs. 119.8 Mn
Contact No.	- 011-2306000
Directors	- Mr. M R Svensson Mr. K C Subasinghe Mr. M H Singhawansa Mr. C L P Gunawardane

RESORT HOTELS LTD

(PB 193)	- 99.39%
Owner of real estate in Nilaveli	
Incorporated in	- 2008
Registered office address	- No.117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 12.8 Mn
Contact No.	- 011-2306000
Directors	- Mr. M R Svensson Mr. K C Subasinghe Mr. M H Singhawansa Mr. C L P Gunawardane

WIRAWILA WALK INN LTD

(PB 89)	- 100%
Owner of real estate in Wirawila	
Incorporated in	- 1994
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 22.2 Mn
Contact No.	- 011-2306000
Directors	- Mr. K C Subasinghe Mr. M H Singhawansa Mr. C L P Gunawardane

YALA VILLAGE (PVT) LTD

(PV 2868)	- 93.78%
Owner of Cinnamon Wild Yala	
Incorporated in	- 1999
Company operating address	- Cinnamon Wild Yala, P.O. Box 01, Kirinda Tissamaharama
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 319.4 Mn
Contact No.	- 047- 2239449/52
Directors	- Mr. M A Perera - Chairman Mr. S Rajendra Mr. M R Svensson Mr. M H Singhawansa Mr. C L P Gunawardane Mr. J A Davis Ms. N W Tambiah

BERUWALA HOLIDAY RESORTS (PVT) LTD

(PV 69678)	- 99.33%
Owner of Cinnamon Bey Beruwala	
Incorporated in	- 2009
Company operating address	- Cinnamon Bey Beruwala, Moragalla, Beruwala
Registered office address	- No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Stated Capital	- Rs. 2,338.1 Mn
Contact No.	- 034-2297000
Directors	- Mr. M R Svensson Mr. K C Subasinghe Mr. M H Singhawansa Mr. C L P Gunawardane

TRINCO HOLIDAY RESORTS (PVT) LTD

(PV 69908) - 100%
Owner of Trinco Blu by Cinnamon
 Incorporated in - 2009
 Company operating address - Trinco Blu by Cinnamon,
 Sambativu, Uppuveli, Trincomalee
 Registered office address - No. 117, Sir Chittampalam
 A Gardiner Mawatha, Colombo 02
 Stated Capital - Rs. 357 Mn
 Contact No. - 026-2222307
 Directors - Mr. M R Svensson
 Mr. K C Subasinghe
 Mr. M H Singhawansa
 Mr. C L P Gunawardane

HIKKADUWA HOLIDAY RESORTS (PVT) LTD

(PV 71747) - 99.39%
Owner of Hikka Tranz by Cinnamon
 Incorporated in - 2010
 Company operating address - Hikka Tranz by Cinnamon,
 No. 01, Galle Road, Hikkaduwa
 Registered office address - No. 117, Sir Chittampalam
 A Gardiner Mawatha, Colombo 2
 Stated Capital - Rs. 1,062.6 Mn
 Contact No. - 091-2277023
 Directors - Mr. M R Svensson
 Mr. K C Subasinghe
 Mr. M H Singhawansa
 Mr. C L P Gunawardane

AHUNGALLA HOLIDAY RESORTS (PVT) LTD

(PV 85046) - 100%
Owner of real estate in Ahungalla
 Incorporated in - 2012
 Registered office address - No. 117, Sir Chittampalam
 A Gardiner Mawatha, Colombo 02
 Stated Capital - Rs. 135.5 Mn
 Contact No. - 011-2306000
 Directors - Mr. M R Svensson
 Mr. K C Subasinghe
 Mr. M H Singhawansa
 Mr. C L P Gunawardane

NUWARA ELIYA HOLIDAY RESORTS (PVT) LTD

(PV 98357) - 100%
 Incorporated in - 2014
 Registered office address - No. 117, Sir Chittampalam
 A Gardiner Mawatha, Colombo 02
 Stated Capital - Rs. 331.2 Mn
 Contact No. - 011-2306000
 Directors - Mr. M R Svensson
 Mr. K C Subasinghe
 Mr. M H Singhawansa
 Mr. C L P Gunawardane

CINNAMON HOLIDAYS (PVT) LTD

(PV 107427) - 100%
Inbound and Outbound Tour Operator
 Incorporated in - 2015
 Registered office address - No. 117, Sir Chittampalam
 A Gardiner Mawatha, Colombo 02
 Stated Capital - Rs. 0.2 Mn
 Contact No. - 011-2306000
 Directors - Mr. M R Svensson
 Mr. K C Subasinghe
 Mr. M H Singhawansa
 Mr. C L P Gunawardane

SENTINEL REALTY (PVT) LTD

(PV 80706) - 50%
Owner of real estate in Vaakarai and Kallarawa
 Incorporated in - 2011
 Registered office address - No. 117, Sir Chittampalam
 A Gardiner Mawatha, Colombo 02
 Stated Capital - Rs. 140.3 Mn
 Contact No. - 011-2306000
 Directors - Mr. B A B Goonetilleke - Chairman
 Mr. N N Mawilmada
 Mr. K Balasundaram
 Mr. C L P Gunawardane

GROUP DIRECTORY

INDRA HOTELS & RESORTS KANDY (PVT) LTD

(PV 124247)	- 40%
Owner of Cinnamon Red Kandy (under construction)	
Incorporated in	- 2017
Registered office address	- No. 273, Katugastota Road, Kandy
Stated Capital	- Rs. 1,741.4 Mn
Contact No.	- 08 -1 2234346
Directors	- Mr. Y S H I K Silva - Chairman Mr. Y S H R S Silva Mr. Y S H H K Silva Mr. S Rajendra Mr. C L P Gunawardane

MALDIVES

JOHN KEELLS MALDIVIAN RESORTS (PTE) LIMITED

(C-208/96)	- 100%
Incorporated in	- 1996
Registered office address	- 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives
Stated Capital	- US\$ 38.9 Mn
Contact No.	- +9603336000
Directors	- Mr. S Rajendra Mr. J E P Kehelpannala – Managing Director Mr. M R Svensson Mr. M H Singhawansa Mr. C L P Gunawardane

TRAVEL CLUB (PTE) LIMITED

(C-121/92)	- 100%
Owner of Ellaidhoo Maldives by Cinnamon	
Incorporated in	- 1992
Company operating address	- Ellaidhoo Maldives by Cinnamon North Ari Atoll, Republic of Maldives
Registered office address	- 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives
Stated Capital	- US\$ 2.5 Mn
Contact No.	- +9603336000
Directors	- Mr. S Rajendra Mr. J E P Kehelpannala – Managing Director Mr. M R Svensson Mr. M H Singhawansa Mr. C L P Gunawardane

TRANQUILITY (PTE) LIMITED

(C344/2004)	- 100%
Owner of Cinnamon Dhonveli Maldives and Cinnamon Velifushi Maldives	
Incorporated in	- 2004
Company operating address	- Cinnamon Dhonveli Maldives, North Malé Atoll, Republic of Maldives Cinnamon Velifushi Maldives, Vaavu Atoll, Republic of Maldives
Registered office address	- 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives
Stated Capital	- US\$ 5 Mn
Contact No.	- +9603336000
Directors	- Mr. S Rajendra Mr. J E P Kehelpannala – Managing Director Mr. M R Svensson Mr. M H Singhawansa Mr. C L P Gunawardane

FANTASEA WORLD INVESTMENTS (PTE) LIMITED

(C-143/97)	- 100%
Owner of Cinnamon Hakuraa Huraa Maldives	
Incorporated in	- 1997
Company operating address	- Cinnamon Hakuraa Huraa Maldives, Meemu Atoll, Republic of Maldives
Registered office address	- 2nd Floor, H. Maizan Building, Sosun Magu, Malé, Republic of Maldives
Stated Capital	- US\$ 5 Mn
Contact No.	- +9603336000
Directors	- Mr. S Rajendra Mr. J E P Kehelpannala – Managing Director Mr. M R Svensson Mr. M H Singhawansa Mr. C L P Gunawardane

NOTICE OF MEETING

Notice is hereby given that the Forty Third Annual General Meeting (“Meeting”) of John Keells Hotels PLC will be held as a virtual meeting on 22 June 2022 at 9.00 am via Microsoft Teams for the following purposes:

1. To read the Notice convening the Meeting.
2. To receive and consider the Annual Report and Financial Statements of the Company for the Financial Year ended 31st March 2022 with the Report of the Auditors thereon.
3. To re-elect as a Director, Mr. M H Singhawansa, who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. M H Singhawansa is contained in page 27 of the Annual Report.
4. To re-elect as a Director, Mr. J G A Cooray, who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. J G A Cooray is contained in page 26 of the Annual Report.
5. To re-appoint Auditors, Messrs. Ernst & Young, Chartered Accountants and to authorise the Directors to determine their remuneration.
6. To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

This Annual Report and Financial Statements of the Company are available on the:

- (1) Corporate website of the Company
<https://www.cinnamonhotels.com/media-accolades> and
- (2) The Colombo Stock Exchange website - <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=KHL.N0000>

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



For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Mr. Rasika Pushpakumara on 011-2306000 during normal office hours (8.30 a.m. to 4.30 p.m.) or email rasikapu@cinnamonhotels.com

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

By Order of the Board,
KEELLS CONSULTANTS (PVT) LTD
Secretaries
Colombo
23 May 2022

Note:

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

FORM OF PROXY

I/We.....of
being
 a Member/s of John Keells Hotels PLC hereby appoint.....
 of

- or failing him/her
- Mr. Krishan Niraj Jayasekara Balendra or failing him
- Mr. Joseph Gihan Adisha Cooray or failing him
- Mr. Suresh Rajendra or failing him
- Mr. Jayantissa Emalka Pohath Kehelpannala or failing him
- Mr. Mikael Roland Svensson or failing him
- Mr. Mohomed Hishan Singhawansa or failing him
- Mr. Trevine Lalith Francis Waas Jayasekara or failing him
- Ms. Anarkali Kumari Moonesinghe or failing her
- Dr. Kumudu Abeywickrama Gunasekera

as my/our proxy to represent me/us and vote on my/our behalf at the Forty Third Annual General Meeting of the Company to be held on the 22 of June 2022 at 9.00 am and at any postponement or adjournment thereof and at every poll which may be taken in consequence thereof.

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

	FOR	AGAINST
To re-elect as a Director, Mr. M. H. Singhawansa, who retires in terms of Article 83 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
To re-elect as a Director, Mr. J. G. A. Cooray, who retires in terms of Article 83 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
To re-appoint Auditors Messrs. Ernst & Young Chartered Accountants and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Twenty Two

.....
 Signature/s of shareholder/s

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

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

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

Please fill in the following details:

Name :

Address :

:

:

Jointly with :

Share Folio No./CDS account no. :

National Identity Card No./ :

CORPORATE INFORMATION

Name of the Company

John Keells Hotels PLC

Legal Form

Public Limited Liability Company incorporated in Sri Lanka on 1st October 1979

Stock Exchange Listing

The issued shares of John Keells Hotels PLC are listed on the Colombo Stock Exchange

Company Registration No.

PQ 8

Directors

K N J Balendra – Chairman

J G A Cooray

S Rajendra

M R Svensson

J E P Kehelpannala

M H Singhawansa

T L F W Jayasekara

A K Moonesinghe (Ms.)

K A Gunasekera (Dr.)

Secretaries and Registrars

Keells Consultants (Pvt) Ltd

117, Sir Chittampalam A. Gardiner Mawatha

Colombo 2

Auditors

Ernst & Young

Chartered Accountants

201, De Saram Place

Colombo 10

Bankers

Bank of Ceylon

Citi Bank N.A.

Deutsche Bank A.G

Hongkong and Shanghai Banking Corporation

Nations Trust Bank

Hatton National Bank

DFCC Bank

People's Bank

Commercial Bank of Ceylon

Sampath Bank

National Development Bank

Standard Chartered Bank

State Bank of India

Head Office & Registered Office of the Company

117, Sir Chittampalam A. Gardiner Mawatha

Colombo 2

Telephone : (94-11) 2421101-15, (94-11) 2306000

Facsimile : (94-11) 2439046

E-mail : htlres@keells.com

Web : www.cinnamonhotels.com

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Softwave Printing and Publishing (Pvt) Ltd

