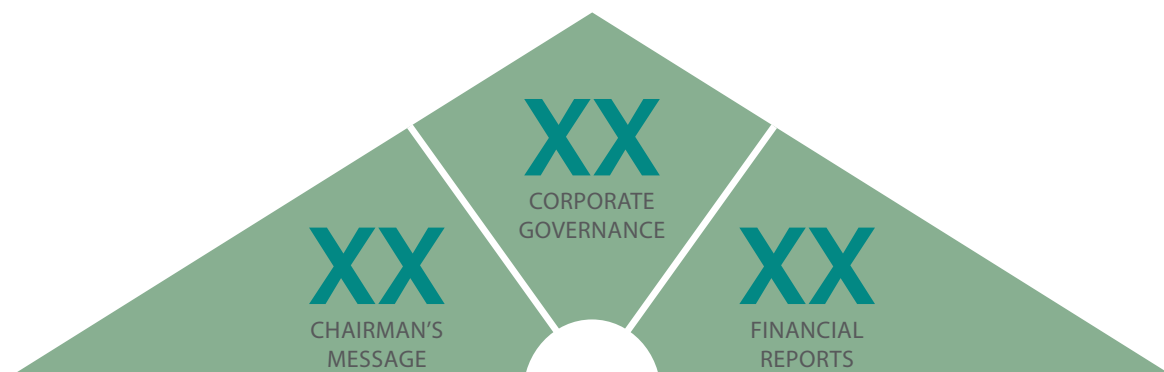




ROYAL PALMS BEACH HOTEL PLC
ANNUAL REPORT 2018-2019



Poetry
brought to *Life*



Contents

Our Vision, Our Mission, Values & Beliefs **05** / Financial Highlights **06** / Events of Financial year 2017/18 **08** / Chairman's Message **12** / Managing Director's Review **14** / Board of Directors **17** / Management Profile **20** / Financial Review **24** / Corporate Governance **27** / Risk Management **32** / Corporate Social Responsibility **34** / SWOT Analysis **35** / Audit Committee Report **38** / Remuneration Committee Report **39** / Related Party Transactions Review Committee Report **40**

Dummy Text

Financial Calendar **20** / Board of Directors **44**
 Statement of Directors' Responsibilities **46** / Independent Auditor's Report **47** / Statement of Financial Position **50** / Income Statement **51** / Statement of Comprehensive Income **52** / Statement of Changes In Equity **53**
 Statement of Cash Flows **54** / Notes to the Financial Statements **55** / Investor Information **83** / Value Added Statement **85** / Graphical Analysis of Value Addition **86** / Decade at a Glance **87** / Real Estate Portfolio **88** / Glossary of Financial Terms **89** / Notice of Meeting **90** / Form of Proxy **93** / Corporate Information **Inner Back Cover**

Poetry *brought to Life*

A holiday escape that is absolute poetry in motion ...

From stunning sunsets, to the soothing motion of the waves, to landscaped gardens ... from delectable cuisine, to total relaxation by the pool, to walks on the beach ... from doing as much or as little as you want because you are on your best holiday ...

Rest and rejuvenate in 5-star luxury, just 40 kms South of Colombo – contentment that can only be celebrated in poetry



“Never throughout history has a man who lived a life of ease left a name worth remembering.” – Theodore Roosevelt

A tribute to the late Chairman Deshabandu G L A Ondaatjie

The hardships and struggles that have been fought by late Deshabandu G L A Ondaatjie to reach the position until his demise on 4th January 2019 is not known or documented; but those learnings were imparted by him in his approach and leadership. His struggles have paved the way to be empathetic towards his employees, to treasure them and make them feel valued. He drew respect, love and honour due to his human nature which has resulted in building an empire that is not only successful in terms financial performance but to bring the best quality of life in the many thousands who work for this conglomerate.

A great human being of extraordinary vision and courage, our late Chairman provided the inspiration and leadership to the many Organizations he started. He shaped every organization as one based on the principles of justice and equity. Today, the legacy of Grand Hotel is acclaimed internationally.

Being one of the veterans in the industry of tourism and carrying out a yeoman service not only to uplift and boost the economy of Sri Lanka, Late Deshabandu George Ondaatjie, paved the way to offer employment through Tangerine Group of Hotels, Tangerine Tours, Mercantile Investments, Security Ceylon, Mercantile Fortunes to more than 10,000. The companies have been able to nurture and mould more than 250 executives who have been able to contribute significantly towards the upliftment of the business arena both locally and internationally. Although a devout Catholic, he respected all religions equally.

As we remember him in life, we commit his spirit to the mercy of the Lord in the belief that “he who raised Christ from the dead will give life to him through the Spirit who dwelt in him.” (Rom 8:11) Or as the psalm says: “Into your hands we commit his spirit.”

Our Vision

To be in the forefront of the hospitality industry providing our valued Guest a memorable experience.

Our Mission

To achieve our vision, we provide the most comprehensive holiday package and ensure caring service to the Guest.

Our Values

We assure our Guests, our inspirational strength, dependable support and our high standard of service. Our business revolves around people, in building the right atmosphere to serve our valued customers.

We consider our staff the most valuable asset and strive to improve their levels of performance through training.

Above all we pledge to safeguard the environment we live.





Congeniality

AWARDS AND ACCOLADES

Presidential Environment Awards 2018 – Gold for Hotel Ector

We are very proud of winning the Presidential Environment Award 2018 as the Gold Winner for the Hotel Sector.

Presidential environment award is a programme that would be an alternate system to control environmental pollution and greening the environment other than existing command, control approaches, education and awareness programmes. Industrial community has an intra business competition to win the shrinking markets and try to find new avenues of products to the market. The Presidential Environment Awards are given in several categories under a distinguish panel of judges.

It gives me happiness as our contribution towards the sustainable tourism have been commended the highest regard on the hospitality industry. Our commitment in every aspect of sustainability is being recognized by the Presidential Environment Awards 2018 under the patronage of his excellency Maithreepala Sirisena, president of Social Republic if Sri Lanka on 19th October 2019 at Bandaranaike Memorial International Conference Hall.



South Asian Travel Awards for Leading Corporate Social Responsibility Programme in Sri Lanka and South Asia

South Asian Travel Awards was formed in 2016 to recognize the Tourism Partners in their valuable contribution towards different categories. We are proud that for the 3rd consecutive year we won Leading Corporate Social Responsibility Programme in Sri Lanka and South Asia.

The event was held in Taj Mahal Palace Mumbai. We are honored that we were recognized among Sri Lanka, Maldives, India, Bhutan and Nepal.



Holiday Check Awards

We are also being recognized by one of the largest German review site, www.holidaycheck.de for our continues high standards of services and other facilities.



FINANCIAL HIGHLIGHTS

Year ended 31st March	2019 Rs.'000	2018 Rs.'000	% Change
Results for the year			
Gross Revenue	754,840	656,686	14.95
Cost of sales	(259,259)	(226,245)	14.59
Operating Profit before Interest & Tax	131,961	109,323	20.71
Finance income	31,057	24,135	28.68
Interest expense	(27)	(123)	(78.05)
Profit/(Loss) before tax	162,991	133,335	22.24
Income tax expense	(36,067)	(45,562)	(20.84)
Profit/(Loss) after tax	126,924	87,773	44.60
Profit/(Loss) attributable to shareholders	126,924	87,773	44.60
Dividend paid	50,000	40,000	25.00
Financial Position at the end of the year			
Shareholders' funds (Stated Capital & Reserves)	2,464,001	2,220,475	10.97
Total Assets	2,867,842	2,569,867	11.59
Number of shares in issue (in Million)	50	50	-
Information per Ordinary share			
Earnings per share (Rs.)	2.54	1.76	44.32
Dividend per share (Rs.)	1.00	0.80	25.00
Net Asset per share (Rs.)	49.28	44.41	10.97
Ratios			
Return on shareholders' funds (%)	5.15	3.95	1.20
Return on total assets (%)	4.43	3.42	1.01
Year on year EPS Growth (%)	44.32	1.73	42.58
Interest cover (Times)	6,101.65	1,081.76	464.05
Dividend cover (Times)	2.54	2.19	15.98
Equity : Assets (%)	85.92	86.40	(0.49)
Current Ratio (Times)	6.40	6.20	3.22
Gearing Ratio (%)	-	0.02	(0.02)
Market Shareholder Information			
Market price of a share as at 31st March (Rs.)	16.10	18.00	(10.56)
Market Capitalisation (Rs.'000)	805,000	900,000	(10.56)
Price Earnings Ratio (Times)	6.34	10.23	(38.02)

Gross Revenue (Rs. Mn)

754.8

Revenue Growth (%)

14.95

Total Assets (Rs. Mn)

2,868

MILESTONES

1992

MAY

Company was incorporated as a Private Limited Liability Company

OCTOBER

Company signed an agreement with the Greater Colombo Economic commission "To Build & Operate" a 124 room Five Star Hotel

1993

DECEMBER

Commenced the construction of proposed Five Star Resort

1994

MARCH

By a special resolution company was converted to a Public Limited Liability Co. and company's authorised share capital was increased from 150Mn to Rs.250 Mn

1996

OCTOBER

Royal Palms Beach Hotel commenced operation with the vision to be in the forefront of the hospitality industry providing our valued guest a memorable experience.

1997

MARCH

Company registered a net profit of Rs. 3.9 Mn from its initial six months of operation

DECEMBER

"Orient" the specialty restaurant was opened for fine dining.

2002

SEPTEMBER

Two northern wing suits were completed.

2009

JULY

Hotel kitchen staff participated the culinary art competition and won 10 Bronze Medals and 8 Silver Medals being placed 11th in the entire island

2010

OCTOBER

New banquet hall commissioned

NOVEMBER

Fitness center relocated. Laundry was installed with a new 45Kg washer and 55Kg

2011

JUNE

Refurbishment of 24 rooms were completed

2013

FEBRUARY

Japanese restaurant was redesigned with an open café concept.

MARCH

The "Orient" restaurant was redesigned and named "The Cabana". "The Gazebo" an Old Balinese style artifact placed on the beach for special occasions.

2013

JUNE

Refurbishment of 33 rooms were completed.
New Penthouse unites and two Beach Deluxe rooms were established and total rooms were increased from 125 to 129

2014

OCTOBER

Opened the new Banquet Hall Entrance.
Started the "Taste Buds" pastry shop at hotel premises

2015

SEPTEMBER

New Ladies Quarters opened

DECEMBER

Introduced a new Laundry outlet.

2016

OCTOBER

Won South Asian Gold Awards and Regional Silver Award for Leading CSR Program at South Asian Awards Ceremony

DECEMBER

Renovation of the Main Restaurant

2017

FEBRUARY

Garden Solar Lighting project completed.

JULY

Won South Asian Gold Awards and Regional Silver Award for Leading CSR Program at South Asian Awards Ceremony for the 2nd Year consecutively.

2018

OCTOBER

Winner of Presidential Environment Award for Hotel Section

HIGHLIGHTS OF THE YEAR



April

Staff Awurudu Celebrations

The Staff of the Royal Palms Beach Hotels celebrated Staff Sinhala and New year Awurudu with the traditional activities and all the staff members were participated.



April

Staff Awurudu Ulela

The staff of the hotel celebrated Awurudu Ulela at the Tangerine Grounds and all the Awurudu games are being on the ground.



May

Staff Vesak Lantern Competition

To develop and motivate the creativity skills among the staff, we organized Inter Department Vesak Lantern competition and staying true to its real spirit of embracing the values that are near and dear to our country. Staff were managed to use waste and bio degradable items to create the lanterns and were selected best lantern according to the criteria given prior. In house guest were the judges.



May

World Mothers Day Celebrations

Celebrated world Mothers Day with all the super moms at Royal palms and we selected one Super Mom of Royal palms beach hotel from the selected criteria. Ms Geetha Shaymali Linen room attendant from Housekeeping Department won the Royal Palms "Super Mom" Award on the Mothers Day.



June

World Fathers Day Celebrations

Father's Day is a celebration honoring fathers and celebrating fatherhood, paternal bonds, and the influence of fathers in society. We celebrated "Super Dad" at Royal palms and we selected one Super Dad of Royal palms beach hotel from the selected criteria. Mr Dimuthu Lakmal - Shift Leader from Laundry Department won the Royal Palms "Super Dad Award" on the Fathers Day.



August

Supervisors Rendezvous - Supervisors Night

To recognized and motivate our 41 no of supervisors, we organized Supervisors Rendezvous (Supervisors Night) followed by training programme for them in the month of August. All the supervisors were participated and we invited our retired supervisor who works in the Front Office Department Mr Piyasena Gamage who completed 30 years of service with us as a chief guest of the event.



October

Hotel Anniversary Celebrations

22nd Anniversary of the Hotel was celebrated with the blessings from the multiple religious and all the staff members were participated for the ceremony.



October

22 Years of Service Excellent

To recognized staff members who are completed over 22 years of service, organized Service Excellent award ceremony and 27 staff members who are completed were participated for the event.



October

Halloween Costume Day

To develop team spirit and creativity skills among the staff, we organized Inter Department Halloween Costume Day. Participated each department members with Halloween costumes according to the criteria given prior. General Manager and Resident Manager were the judges of the event.



February

Independence Day

Since we live here, use the resources for our need so we need to pay it back in some way or another. So, that's why Independence day is important. We were gathering to celebrate Independence day with guest and the staff members.



December

Christmas Carols

Christmas carols are at the very heart of seasonal tradition. Staff of the Royal palms Beach Hotels gathered for Christmas carols on the Christmas day.



March

Woman's Day Celebrations Liya Club Launch

The day we celebrate International Women's Day by recognizing the social, economic, cultural and political achievement of women all over the world. Together we celebrated woman's day with Royal Palms Ladies. To encourage woman's moral, unity, and enhanced productivity we launch famine club as "LIYA"



January

Staff New Year Celebrations

The Staff of the Royal Palms Beach Hotels celebrated Staff Sinhala and New year Awurudu with the traditional activities and all the staff members were participated.



Serenity



CHAIRPERSON & MANAGING DIRECTOR'S REVIEW



Dear Shareholders

2018/2019 has certainly been one of the most challenging years in recent times for our country and our people, and in many ways for our business too. As a company we have encountered macro-economic headwinds on several fronts. Domestically the consumer environment has been impacted by deteriorating economic conditions, with low growth prospects and on-going political instability creating widespread uncertainty. The consumer confidence remains in negative territory and even below the expectations.

Sri Lanka Economy

The sensitivity of the Sri Lankan economy to global and domestic disturbances became increasingly evident in 2018, with a modest expansion in real economic activity amidst a low inflation environment during the year. Real GDP growth was 3.2% in 2018, compared to 3.4% during the previous year. This growth was largely assisted by services activities that increased by 4.7% and the recovery in agriculture activities, which reported a growth of 4.8%. Industry activities slowed down significantly to 0.9% during the year, mainly as a result of the contraction in construction industry. According to the expenditure approach, both consumption and investment expenditure supported growth. Investments as a percentage of

Gross Domestic Product stood at 28.6% in 2018 compared to 28.8% in the previous year, while the savings-investment gap widened during the year indicating increased dependence on external resources to fill the shortfall. The total capacity of the Sri Lankan economy was estimated at US dollars 88.9 billion, while the per capita Gross Domestic Product was recorded at US dollars 4,102 in 2018, which was marginally lower than in the previous year.

Global Economy

Global growth is expected to remain at 3.0 per cent in 2019 and 2020; however, the steady pace of expansion in the global economy masks an increase in downside risks that could potentially exacerbate development challenges in many parts of the world, according to the World Economic Situation and Prospects 2019. The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks.

In many developed countries, growth rates have risen close to their potential, while unemployment rates have dropped to historical lows. Among the developing economies, the East and South Asia regions remain on a relatively strong growth trajectory, amid robust domestic demand conditions. Beneath the strong global headline figures, however, economic progress has been highly uneven across regions. Despite an improvement in growth prospects at the global level, several large developing countries saw a decline in per capita income in 2018. Even among the economies that are experiencing strong per capita income growth, economic activity is often driven by core industrial and urban regions, leaving peripheral and rural areas behind.



We have a clear strategy to drive growth and create long term value through our property and our hospitality operations. In our property, we take a disciplined, yield-focused approach to capital deployment.



"LIGHT AT THE END OF THE TUNNEL"

Sri Lanka Tourism

At the same time, earnings from tourism increased by 11.6% in 2018. This growth in tourism income was fostered by the highest ever growth in annual tourist arrivals, which recorded a 10.3% increase to reach 2.3 billion arrivals in 2018. Many factors, such as endorsements and accolades from reputed international tourism organisations, aggressive promotion campaigns, increase in investment in the tourism industry, relatively free movement across the border, and better connectivity through air and sea routes, contributed to this impressive performance in Sri Lanka's tourism industry. The sector was poised to grow further, reaching out to the remaining untapped segments of the global tourism market.

Tourism and remittances are two of the top contributors to foreign exchange earnings to Sri Lanka. In 2018, remittances were the key foreign exchange earner, bringing home over USD 7 billion, which amounted to 7.9% of GDP. In second place was export earnings from textiles and garments, followed by tourism in third place, accounting for over USD 4 billion in foreign exchange earnings. Remittances had stabilised in recent years, while 2018 recorded the second consecutive year of negative growth in remittances. Reasons for the decline in remittances include the prevailing geopolitical uncertainties of oil price fluctuations and the sluggish global economic growth in the Middle East, the region hosting the bulk of the temporary migrant workers from Sri Lanka, decline in departures for foreign employment due to improvements in the domestic labour market opportunities, and government regulatory efforts to curb migration for specific occupations and skills categories.

Sri Lanka was a few days short of celebrating a decade of peace since the end of the 30-year old separatist

conflict, when a series of horrific attacks in three churches and three tourist hotels claimed more than 250 lives and injured another 500 or more innocent people. The terrorists struck at a time when the country was too complacent on national security, and the border control measures were lax. The scheduled on-arrival visa scheme hoped to boost the tourism industry, and allow it to capitalise on Lonely Planet identifying Sri Lanka as the top country to travel to in 2019. As such, taking into account the locations immediately affected by the devastation and its ripple effects, a short to medium term impact on foreign exchange earnings is likely to be experienced in Sri Lanka. The tourism industry, despite once being well-positioned to continue its upward trend in foreign exchange earnings, is now likely to experience a temporary downfall, while international remittances, which was experiencing an incipient downward trend, is likely to experience a temporary upturn in the aftermath of these attacks.

Global Tourism

The business of business travel is the first to feel the hit from changes to national and global economies. Global uncertainty and the resulting decline in consumer confidence are slowing the pace of global slowing the pace of global growth and bringing with it, price increases in air, hotel and ground travel. As far as forecasts go, this calendar year lends itself to a phrase that will likely be over-used: "2020 vision." That's not, however, how most global companies would describe their outlook. Political, economic and environmental uncertainty is leading to a slowing growth trajectory. The Global Uncertainty Index, a barometer of unpredictability in 20 countries, reached a record level in 2019, based on the frequency that news outlets cite "uncertain" or "uncertainty" in relation to economic policy.

We expect solid economic growth in 2019 should bode well for travel. We forecast international arrivals to reach a new all-time high and for travel and tourism to continue to contribute positively to the global GDP. While the GBTA (Global Business Travel Association) is forecasting a deceleration in growth in business travel activity spend, public hotel brand companies are expecting "steady-as-she-goes" growth in 2019, and cruise lines are noting strong 2019 bookings on occupancy and rate. Airlines should benefit from passenger volume growth and increased ancillary sales, though low-cost competition and oil prices are, as ever, wild cards. The secular shift to e-commerce worldwide should remain a tailwind to online booking sites. The leading global online travel agencies are likely to further pursue full-service platform strategies as the law of large numbers dictates that room night growth rates slow.

Previously, the UNWTO set international arrival targets for 2020 and 2030 in their Tourism Towards 2030 report that estimated arrivals at 1.36 billion and 1.8 billion, respectively. Because we expect 2018 to come in at 1.4 billion,

Financial Review

The company turnover increased during the year under review by 15 per cent, with a record Rs 755 million compared to Rs 657 million of the previous year. This increase mainly due to increase in occupancy from 69 per cent to 81 per cent, which is a increase by 12% as a result of arrivals from RSD Groups.

Net Profit After Tax

The Net Profit after Tax of the Company for the year under review was Rs. 127 Million as against Rs 88 Million in the previous year. This represents an increase of Rs. 39 Million or 44% over the preceding year. This is a result of increase in the occupancy.

Chairperson & Managing Director's Review

Earnings Per Share

Company Earnings Per Share (EPS) in the period under review was Rs 2.54 as against Rs 1.76 in 2018. The increase in EPS was due to increase in profits for the financial year.

Operational Performance and Achievements

Presidential Environment Awards 2018 – Gold for Hotel Ector

We are very proud of winning the Presidential Environment Award 2018 as the Gold Winner for the Hotel Sector.

Presidential environment award is a programme that would be an alternate system to control environmental pollution and greening the environment other than existing command, control approaches, education and awareness programmes. Industrial community has an intra business competition to win the shrinking markets and try to find new avenues of products to the market. The Presidential Environment Awards are given in several categories under a distinguish panel of judges.

It gives me happiness as our contribution towards the sustainable tourism have been commended the highest regard on the hospitality industry. Our commitment in every aspect of sustainability is being recognized by the Presidential Environment Awards 2018 under the patronage of his excellency Maithreepala Sirisena, president of Social Republic of Sri Lanka on 19th October 2019 at Bandaranaike Memorial International Conference Hall.

During the year we have carried out regular maintenance activities in the property in order to ensure that the property is up to the standard of the several newly built hotels in the region. We have recognized maintenance as one of the most important functions of the

hotel operations and on top of the regular maintenance activities we have carried out certain upgrades to the existing property to retain our position as one of the leading hotels in the down south region of Sri Lanka. With the expansion in the tourism industry in Sri Lanka, the competition in the southern coast also has become more intense and hence we focused no being one of the leading players in the region.

South Asian Travel Awards for Leading Corporate Social Responsibility Programme in Sri Lanka and South Asia

South Asian Travel Awards was formed in 2016 to recognize the Tourism Partners in their valuable contribution towards different categories. We are proud that for the 3rd consecutive year we won Leading Corporate Social Responsibility Programme in Sri Lanka and South Asia.

The event was held in Taj Mahal Palace Mumbai. We are honored that we were recognized among Sri Lanka, Maldives, India, Bhutan and Nepal.

Holiday Check Awards

We are also being recognized by one of the largest German review site, www.holidaycheck.de for our continues high standards of services and other facilities. Investment on Human Capital

This year we are investing on our own, much waited Staff Accommodation acquiring a land next door. We will be focusing on State of the Art Staff Accommodation in par with tourist board new gazette notification and hoping to complete by 2020.

Dividend

The Board recommends a final ordinary dividend of Rs 1.00 per share (2018: 0.80 per share) taking into account the Companies' current cash position and future capital expenditure requirements.

Industry Recognition

We are delighted to see that our hotels and campsites have been recognised through multiple industry awards and accolades.

Current Situation Industry is Facing

The tourism industry is set to hit a downturn in winter with projections made out for a 30 per cent drop during the best season of the year. The Easter Sunday attacks had an immediate adverse impact on arrivals and sent all tourists in the country packing home.

This tragedy certainly has led to a severe downturn in tourism. Starting with harming the destination's image as a peaceful country, leading to concerns of security and safety, travel advisories cautioning travel to Sri Lanka and its implications on insurance, ability to actively sell tour packages, cancellations of bookings already made, impact on future bookings, low occupancy, and many undesirable ripple effects dangerously spilling over to many other economic sectors too.

August, being a key month when most tourists visit the island for its famed Kandy Perahera, is also expected to experience a drop-in arrival this year. Today the industry is faced with tightening its budgets as the costs spiral and the soft loan promised by the government is still wanting while the moratorium on loans is slowing making progress.

"Coming winter season going to be a very negative impact to the tourists industry because of the General Election and the Presidential election since it's not announce the dates rumours are spreading as a result of this most of the travel agents are trying to avoid visiting Sri Lanka. This is going to be double impact to the industry with Easter attack. Hotel staff is very desperate because of their earnings have come down and

they want to find employment in the neighbouring countries, so our trained staff will be serving the other countries.

Other major issues are the pricing policy we cannot demand for a good rate for our hotels due severe competition and on the other hand informal sector. Informal sector gives rock bottom rates to grab the business, there are no service standards what so ever this a another huge issue that formal sector facing after spending large investments

Memorable Guest Experiences

We are passionate about creating and delivering unique experiences for guests in vibrant destinations, whether staying at one of our properties or visiting our restaurants, bars or spa facilities. We aim to create valuable memories for our guests by delighting them every day through well-invested, high quality products and operational excellence. Constantly striving to improve the guest experience, we have developed two new mobile apps that give all useful information about our hotels, campsites and its related facilities (restaurants, shopping, massage, sports etc.). Moreover, guests can contact the staff at all times directly through the mobile app which enables real-time interaction with staff from anywhere. Once again, we are proud of the high levels of guest satisfaction scores achieved across our properties. This reflects the appreciation for our on-going investment in our operations and our commitment to delivering service above and beyond expectation.

Investing in Our People

Our team members are at the heart of our business and like others in the hospitality sector having a highly engaged workforce and attracting and retaining the right talent is a key priority for us and imperative to our success. We are proud of our high performing culture where engaged team members

deliver best in class operations through consistent service delivery. We remain focused on ensuring that they are fully supported, engaged, trained and motivated so we can consistently deliver a high service standard and a memorable guest experience. All team members are trained to deliver the highest levels of service. We are committed to attracting and nurturing talent within the business. This supports the development of all our teams, whilst creating the next generation of leaders.

Our Strategy

We have a clear strategy to drive growth and create long term value through our property and our hospitality operations. In our property, we take a disciplined, yield-focused approach to capital deployment. We look to optimise the value of our property and where appropriate extract value to fund longer-term sustainable growth. In our hospitality operations, we are consistently working to deliver a refreshed guest experience across our property and leverage our scale. This will drive growth and maintain high-operating margins.

This business model has proven to be the way forward; the seasonality of our business in kaluthara has been complemented with an all-year-round this enabled the Company to have dedicated and in-house trained staff, and offered with good working experience. We remain focused on investing in renovation and repositioning programs at our hotel,

Tourism Sector Faces Uncertain Outlook in 2019

Despite the political crisis in late 2018 that lasted for almost two months, Sri Lankan tourism achieved double-digit growth that year in both tourist arrivals and earned revenue. Investment in the industry has been growing since the end of the civil war in 2009, and 2019 looks

set to be a significant year for the sector. There are signs, however, that growth is plateauing and that the government is not doing enough to leverage the country's tourism assets. Moreover, as elections approach, political instability will pose a major risk to continued expansion in the sector.

According to data released by the Sri Lanka Tourism Development Authority in mid-February, tourist arrivals increased by 2.2% year on year in January 2019, to 244,239. This rate of expansion was much softer than the full-year growth of 10.8% recorded in 2018, and probably indicated a lagged negative impact on the tourism sector from the political crisis in late 2018. The government has set an ambitious target of increasing tourist arrivals to 3m in 2019—a feat that we do not expect it to be able to achieve. Nevertheless, Sri Lanka's rising popularity as a tourist destination among Western tourists, as well as those from Asian countries like India and China, will underpin further strong growth in the sector.

Conclusion

This integrated report demonstrates the tenacity and devotion of Royal Palms Beach Hotels' employees and the management teams who lead them. At Royal Palms Beach Hotels, we know full well that our longevity is inextricably linked to the success of our many stakeholders and the trust and confidence of our shareholders to deliver value despite the challenging and volatile times we are facing. I wish to extend my sincere thanks to my fellow board members, our shareholders and the Company's many stakeholders which includes our employees, customers, partners, suppliers, government and communities. Without your continued support we could not have progressed as well as we have. A heartfelt thank you for your unwavering support.

BOARD OF DIRECTORS



Ms. A M Ondaatjie

Chairperson & Managing Director

Ms. Angeline Ondaatjie was appointed to the Board in 1994 and appointed as Chairperson and Managing Director on 13th May 2019. She has over 20 years' experience in the tourism, financial services and manufacturing sectors. She holds a Masters Degree from the University of Texas in Austin, USA and a BSc Degree from the Massachusetts Institute of Technology (MIT) USA. She is presently the Chairperson & Managing Director of Tangerine Tours (Pvt) Ltd and Tangerine Beach Hotels PLC. She holds directorship in several other companies including Mercantile Investments and Finance PLC, The Nuwara Eliya Hotels Co. PLC (Grand Hotel), Nilaveli Beach Hotels (Pvt) Ltd., Fair View Hotel (Pvt) Ltd and Lighthouse Hotel PLC. She is presently the Vice President Tourist Hotels Association and Director Sri Lanka Tourism Promotion Bureau and Director Sri Lanka Tourism Promotion Bureau and serves on the Education Council of MIT.



Mr. G G Ondaatjie

Non -Executive Director

Mr. Gerard Ondaatjie was appointed to the Board in 1994. He has over 20 years' experience in the tourism, financial services and trading sectors. He holds a BSc Degree in Accountancy from the Arizona State University, USA. He is presently the Managing Director of Mercantile Investments and Finance PLC, Chairman of several companies including Fair View Hotel (Pvt) Ltd, Mercantile Fortunes (Pvt) Ltd and Nilaveli Beach Hotels (Pvt) Ltd. He is also the Deputy Chairman of The Nuwara Eliya Hotels Co. PLC (Grand Hotel) and a Director Tangerine Beach Hotels PLC.



Mr. T J Ondaatjie

Executive Director

Mr. Travice Ondaatjie was appointed to the Board in 1998. He has over 15 years' experience in the tourism and the financial services sectors. He holds a BSc Degree from the Arizona State University USA. He is presently the Managing Director of Nilaveli Beach Hotels (Pvt) Ltd and a Director of several other companies which include Mercantile Investments and Finance PLC, Tangerine Beach Hotels PLC, The Nuwara Eliya Hotels Co. PLC (Grand Hotel) and Fair View Hotel (Pvt) Ltd.



Mr. N H V Perera

Non Executive Independent Director

Mr. Hasantha Perera was appointed to the Board on 25th November 1999. He is and has been attached to Lucian Perera Associates, a legal firm, for over a period of ten years. He is a Director of Mercantile Investments and Finance PLC, Tangerine Beach Hotels PLC, Blue Oceanic Beach Hotels Limited, Yala Safari Beach Hotels Limited, Yala Properties (Private) Limited, Ceylon Electro Mechanical Services (Pvt) Ltd, South Asia Economic and Trade Corporation (Private) Limited, Koggala Beach Hotel (Private) Limited, Desano Investments Limited, Tisara Hotels (Private) Limited, Thisara Investments (Pvt) Ltd, Ranyan Industries (Pvt) Ltd, Ranali Marketing (Pvt) Ltd, and Janath Trading & Investments (Pvt) Ltd.

Mr. Hasantha Perera is a Non-Executive Director of Tangerine Beach Hotels PLC and Mercantile Investments and Finance PLC, which are group companies and been a Director of the company for a period of over nine years. The Board taking account of all the circumstances is of the opinion that he should be considered as a Non-Executive Independent Director.



Mr. M Keerthiratne

Non Executive Independent Director

Mr. Mihindu Keerthiratne was appointed to the Board in 1994. He is a Chartered Architect by profession and the Chairman & Managing Director of Mihindu Keerthiratne Assocaites (Chartered Architects, Engineers & Urban Planners). He is a holder of a Bachelor's Degree in Architecture from the University of Hongkong and is an Honorary Fellow of the Sri Lanka Institute of Architects and has also served twice as the President of the Sri Lanka Institute of Architects. He is an Associate of the Indian Institute of Interior Designers, Associate of the Royal Institute of British Architects and a Member of the American Institute of Architects. He is the founder Chairman of South Asian Association for Regional Co-operation of Architects (SAARCH). Mr. Keerthiratne was awarded the prestigious gold medal, of the Sri Lanka Institute of Architects, by his excellancy the President in February 2014 for his achievements. Mr. Keerthiratne is the founder of MIKE group of Companies and is the Chairman and Managing Director of several affiliated companies.

Mr. Keerthiratne has been a Director of the Royal Palms Beach Hotels PLC for a period of over ten years and the Board taking account of all the circumstances is of the opinion that he should be considered as a Non Executive Independent Director.

Board of Directors



Mr. M U Maniku

Non Executive Independent Director

Mr Maniku was appointed to the Board in 1994. He holds a Masters Degree in Agriculture from the University of Bangladesh. He is the Chairman of Universal Enterprises (Pvt) Ltd a company that owns and operates eight tourist resorts in the Maldives and La-breeze Seychelles. Mr. Maniku is the Chairman of the Maldives Association of Tourism Industry of the Republic of Maldives. He has over 35 years experience in the Hospitality Industry and is being considered as the pioneer in the development of tourism in the Maldives.

Mr. Maniku has been a Director of the company for a period of over ten years and the Board taking account of all the circumstances is of the opinion that he should be considered as a Non Executive Independent Director.



Mr. M J Fernando

Non Executive Independent Director

Appointed to the Board in 1997 Merrill J Fernando is the founder of the MJF Group of Companies and Sri Lanka's global tea brand, DILMAH. He re-launched Ceylon Tea in the 1980s and was the first tea producer to develop an origin packed, producer owned and genuinely ethical tea brand in any tea, coffee or cocoa producing country. He pioneered value addition, packaging, branding and marketing consumer ready tea from source, and enabling Sri Lanka to retain profits which traditionally enriched foreign traders at the expense of tea producers. Dilmah is a model for genuinely ethical trade. Merrill J. Fernando showed producers of raw material the way out of the commodity trap and by maintaining an uncompromising commitment to its founding principles of Quality and Integrity, Dilmah has become a respected international tea brand.

Mr. Merrill J Fernando has been a Director of the company for a period of over ten years and the Board taking account of all the circumstances is of the opinion that he should be considered as a Non Executive Independent Director.



Mr. A de Zoysa

Non Executive Independent Director

Mr. Ajita de Zoysa was appointed to the Board in 1999. He is the Chairman of Associated Electrical Corporation Ltd. Mr. de Zoysa has held a series of leadership roles in the field of manufacturing, Trading, and Financial services. He was the former Chairman of AMW Group of Companies, Sathosa Motors PLC and Union Bank of Colombo PLC. He is a Director of Trelleborg Lanka (Pvt) Ltd., and Trelleborg Tyres Lanka (Pvt) Ltd.

Mr. de Zoysa has been a Director of the company for a period of over ten years and the Board taking account of all the circumstances is of the opinion that he should be considered as a Non-Executive Independent Director.



Mr. J D Vaz

Executive Director

Mr. J D Vaz was appointed to the Board on 20th December 2007. He has over 45 years' experience in the Finance & Administration field in the tourism sector. He is the Executive Director at Nilaveli Beach Hotels (Pvt) Ltd and presently the Finance & Administration Manager at Tangerine Beach Hotel and Royal Palms Beach Hotel.



Mr. P S R Casie Chitty

Non Executive Independent Director

Mr. Rajiv Casie Chitty was appointed to the Board of Royal Palms Beach Hotels PLC on 05th February 2013. He is presently the Chief Operating Officer of the Commercial Credit and Finance PLC. He is also a Non-Executive Independent Director at ACL Cables PLC, Tangerine Beach Hotels PLC and in some companies of the Ceylon Printers Group. Mr. Casie Chitty is immediate Past President of the Association of Chartered Certified Accountants (ACCA) Sri Lanka Branch.

Mr. Cassie Chitty who holds a Master in Economics, University of Colombo is also a Fellow of the Association of Chartered Certified Accountants (ACCA) UK, an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK, and is a Chartered Financial Analyst, USA.

CORPORATE MANAGEMENT

Ravi Kurukulasooriya

DIP (Hotel Mgt.) Swiss

General Manager

Graduate from International Hotel Management Institute, Lucerne, Switzerland. Over 21 years of service in the hospitality industry having worked at Aitken Spence Co., Carsons Cumberbatch and Confifi Group. Also served as President, Kalutara Hoteliers Association for the past 5 Years.

M I Shahabdeen

FCA, CGMA, ACMA, MIH, ACQI, CPA

Group Financial Controller

Group Financial Controller of Tangerine Group of Hotels since 02nd February 2005 with overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance, Treasury and the Information Technology functions.

He has over three decades of finance and general management experience in Sri Lanka and abroad in Senior Management Positions in the Hoteliering Sector both in Five Star and Resort hotels and also in the Catering & Support Services Sector at Greyhound Services Saudi Arabia Ltd., a subsidiary of Greyhound Support Services Incorporated, USA. Prior to joining the Tangerine Group, he had been with Trans Asia Hotel PLC for a period of 17 years, holding senior management positions throughout. During this period, Trans Asia Hotels PLC was managed by Ramada International (Germany), General Hotel Management (Singapore) and by John Keells Holdings PLC and had the opportunity of experiencing to a wide and varied Five Star Hotel Management Systems and Procedures including to an array of three decades of exposure in the Information Technology. He is a Fellow of the Institute of Chartered Accountants, Sri Lanka, Associate of the Chartered

Institute of Management Accountants, UK, Member of the Institute of Certified Public Accountants, Sri Lanka, Member of the Institute of Hospitality, UK, Associate of the Chartered Institute of Quality Assurance, UK, Associate of the Society of Certified Management Accountants, Sri Lanka and Member of the Sri Lanka Institute of Directors. He is also a Director of Security Ceylon (Pvt) Limited.

Ravi Fernando

MBA (UK), M.Sc. App Fin (Sjp), FMAAT, AFA, MCSI, CBA, ACMI

Group Accountant

Ravi Fernando Joined Tangerine Group of Hotels on 1st June 2003 as Group Accountant With overall responsibility for the Group's Finance and Accounting function in addition He is involved in New City hotel Project. Ravi Fernando holds a Master of Business Administration from University of Lincoln UK, Master of Applied Finance from University of Sri Jayawardenepura, Associate Member of Institute of Financial Accountants UK, Fellow Member of Association of Accounting Technicians, Certified Business Accountant of CA Sri Lanka, Member of Chartered Securities & Investments UK, Associate Chartered Management Institute of UK.

He has over Three decades of experience and expertise in Financial and Auditing, Insurance, Leisure Sectors and held key positions as Finance Manager at Kandy Hotels Company PLC, the Accountant at Aitken Spence Hotels, Ceylinco Insurance PLC, and Commercial Credit PLC.

He was appointed as the Finance Director of Fair view Hotel Pvt. Ltd. on 11th July 2016 and also was appointed as a Director of Security Ceylon Pvt. Ltd. on 26th February 2019.

M K K K B Galagoda

Group Engineer

Presently the Group Engineer of Mercantile Investments & Finance PLC and a Director at Nilaveli Beach Hotels (Pvt) Limited. He has over 25 years' experience in the hotel industry in Sri Lanka and overseas including in Ramada Group of Hotels and in the Holiday Inn Group. He holds a Diploma in Electrical and Electronics Engineering from the University of Katubedda, Moratuwa.

J D Vaz

Manager Finance & Administration
Please refer Board of Directors profile.

Nelson Mayadunnage

Financial Controller

Possessing of 29 years' experience in hospitality industry Five Stars and Resort sector diverse financial positions with multiple international chain hotels, such as Intercontinental, Accor, Taj and Aman resorts I have gathered an extensive insight within this area. Contributed implementation of PMS programs in all hotels served in last three decades. Past 11 years served as a Financial controller in Amanresorts , expertise- all aspects of financial management, including corporate accounting, regulatory and fiscal reporting, budget and forecasts preparation, as well as implementation of internal control policies and procedures.

Menaka Fernando

HNDA, CBA

Chief Accountant

Menaka Fernando is the Chief Accountant Royal Palms Beach Hotels PLC and Tangerine Beach Hotels PLC. She holds the Higher National Diploma in Accountancy and Certified Business Accountant of Institute of Chartered Accountants of Sri Lanka. She has over 20 years' experience in the Hospitality industry in Accounting, Taxation & General Management.

FINANCIAL REVIEW

The Royal Palms Beach Hotels PLC's detail financial review should be read in concurrence with the Audited financial statements of the Company for the financial period ended 31st March 2019.

REVENUE

The company turnover increased during the year under review by 15 per cent, with a record Rs 755 million compared to Rs 657 million of the previous year. This increase mainly due to increased in occupancy from 69 per cent to 81 per cent, which is a increased by 12% as a result of arrivals from RSD Groups.

COST OF SALES

The Cost of Sales was Rs. 259 Million compared to Rs. 226 Million during the previous year. As a percentage 34.4 per cent as against 34.5 per cent during the previous year, this decrease was mainly due to Food cost decrease by 0.1% & increase in occupancy.

GROSS PROFIT

The Gross Profit of the Company for the year under review was Rs. 496 Million as against Rs 430 Million in the previous year. The gross margin percentage increased from 65.5 per cent to 65.6 per cent, which is an increase of 0.1 per cent. Gross margin was achieved mainly due to decrease in cost of sales.

ADMINISTRATIVE EXPENSES

The Administrative expense of the Company has increased by 6.0% per cent from Rs 318 Million to Rs 337 Million in 2019. The increases came through in Provision for Depreciation, Salaries and Bonus.

SELLING & DISTRIBUTION EXPENSES

This includes expenses such as Sales Promotions, Advertising and Entertainment and other marketing related expenses. Selling and Distribution Expenses has increased by 8.7 per cent

and amounting 1.96 Million. This was mainly due to increase in Sales Promotion Expenses.

OTHER EXPENSES

Other Expenses has increased by Rs. 1.14 Million from Rs. 4.63 Million to Rs 5.76 Million during the financial period. This was mainly due to Loss on Disposal of Property, Plant & Equipment.

FINANCE COST

Finance Costs of the Company decreased from Rs. 0.123 Million to Rs. 0.027 Million an overall decrease of 78.4 per cent. This was due to reduction in the interest component of the Susahanaya Loan, which is a term loan the Company borrowed during Tsunami period.

EARNINGS PER SHARE

Company Earnings Per Share (EPS) in the period under review was Rs 2.54 as against Rs 1.76 in 2018. The increase in EPS was due to increase in profits for the financial year.

PRICE EARNINGS RATIO

The Price Earnings Ratio of the Company as at 31st March 2019 was 6.34 times as against 10.23 times as at 31st March 2018. During the Financial Year 2018/19, the market price of the Company shares ranged between Rs. 14.00 to Rs. 19.80.

RETURN ON EQUITY

Return on Company Equity has increased to 5.15 per cent from 3.95 per cent from the preceding year due to increase in profit growth.

NON-CURRENT ASSETS

Non- Current Assets of the Company increased from Rs 2,018 Million in 2018 to Rs 2,199 Million in 2019, an overall increase of Rs 181 Million. In percentage this is an increase of 9.0 per cent from the previous year. Non- Current Assets increased mainly due to Revaluation of Property during the year.

CURRENT ASSETS

Current Assets of the Company during the financial year under review increased from Rs 552 Million in 2018 to Rs 669 Million in 2019. Increase of Rs 117.2 Million or 21.2 per cent compared to the previous year. Current Assets increased mainly due to increase of Short Term Investments and Cash & Bank Balances during the year.

TOTAL ASSETS

Total Assets of the Company increased by 11.6 per cent from Rs 2, 570 Million to Rs. 2, 868 Million increase of Rs 298 Million compared to the figures as at 31st March 2018.

TOTAL EQUITY

The increase in Total Equity was due to increase in retained earnings and revaluation reserve over the previous year. Total Company Equity increased from Rs 2,220 Million to Rs 2,464 Million on the same date. This accounted for a 11 per cent increase in comparison to the previous financial year.

NON- CURRENT LIABILITIES

Non-Current Liabilities of the company increased slightly from Rs. 260 Million to Rs 299 Million. The current period figures increased mainly due to increase in the Deferred Tax Liabilities.

CURRENT LIABILITIES

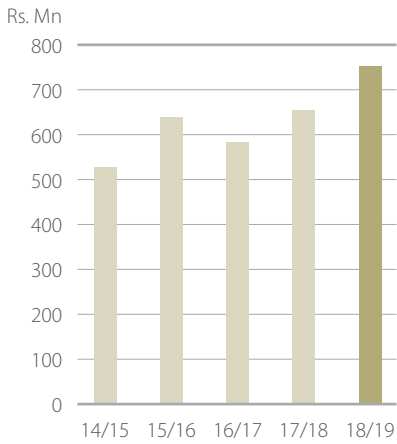
Current Liabilities of the Company increased from Rs. 89 Million in 2018 to Rs. 105 Million as at 31st March 2019.

OPERATING CASH FLOWS

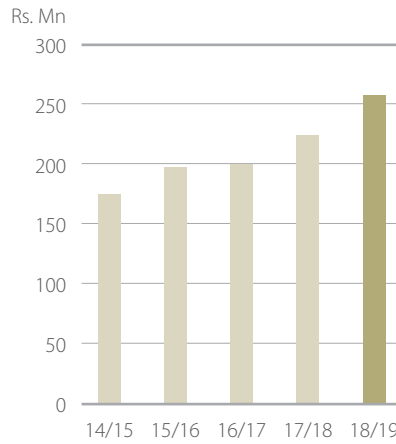
Company Net Cash Flows from operating activities during the year was Rs. 172 Million as against that of prior year of Rs.135 Million.

Financial Review

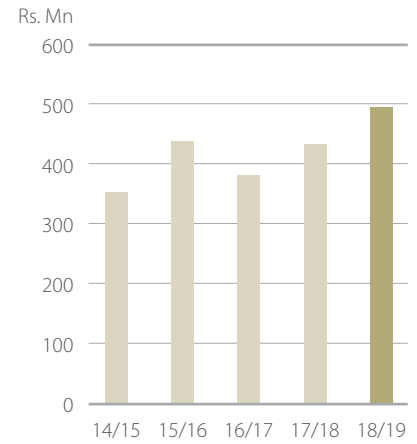
Gross Revenue



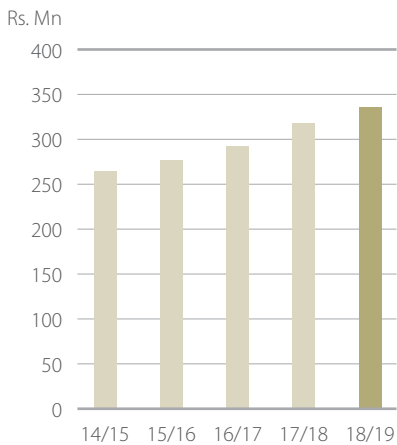
Cost of Sales



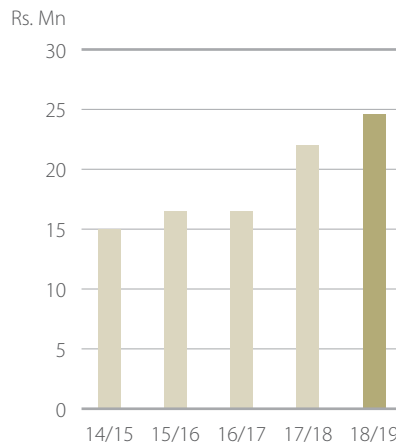
Gross Profit



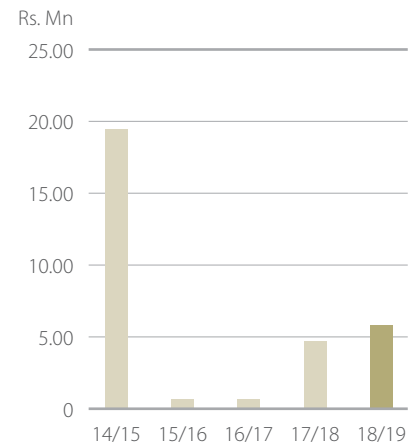
Administrative Expenses



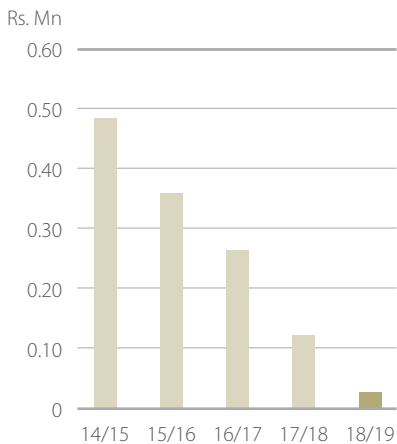
Selling & Distribution Expenses



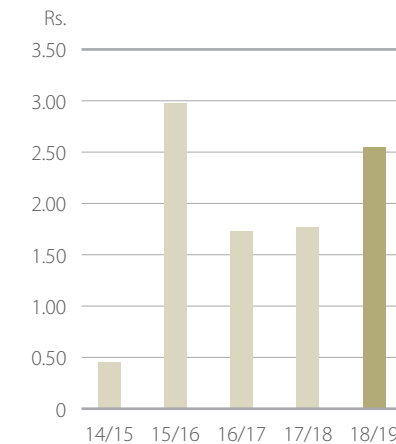
Other Expenses



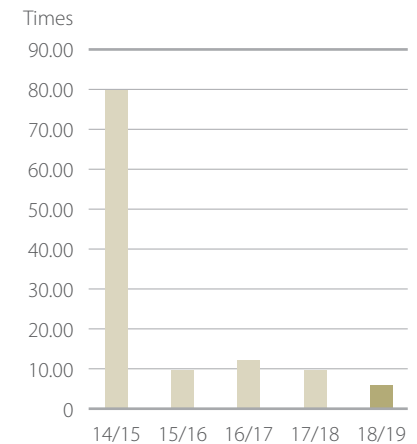
Finance Cost



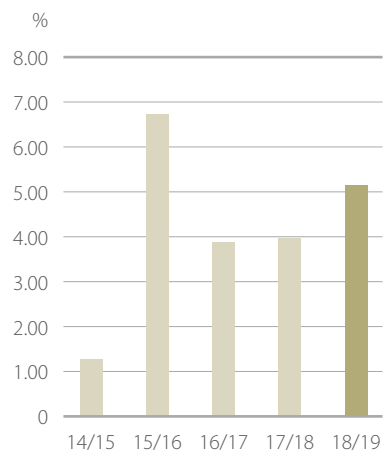
Earning Per Share



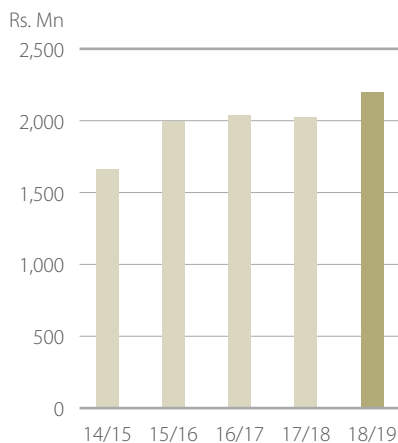
Price Earning Ratio



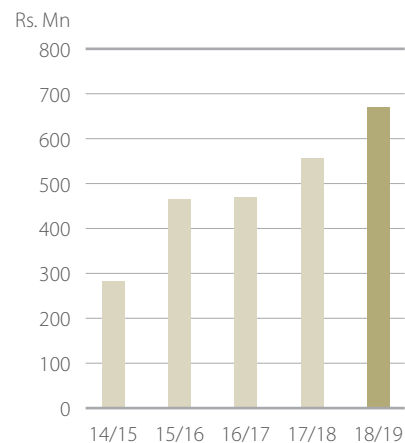
Return on Shareholder Funds



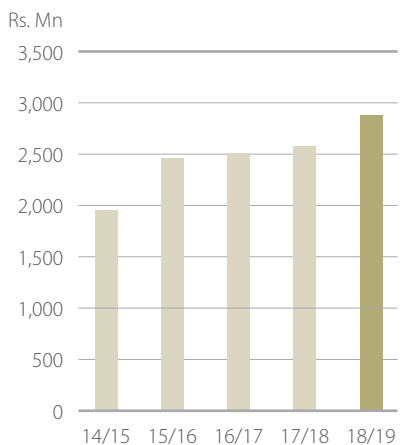
Non Current Assets



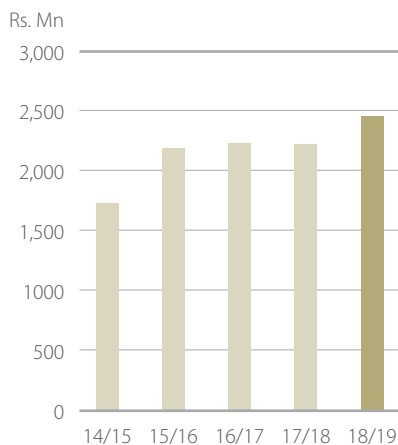
Current Assets



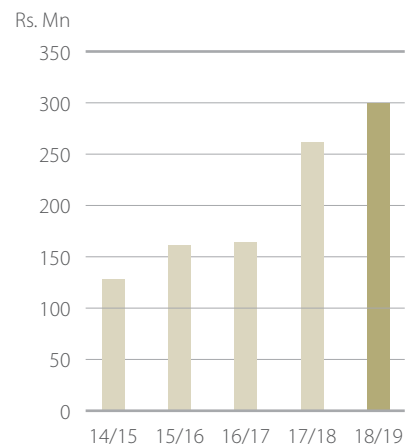
Total Assets



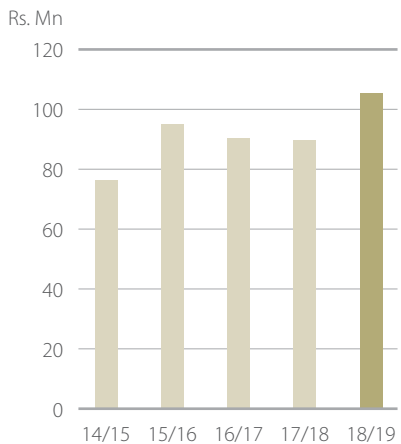
Total Equity



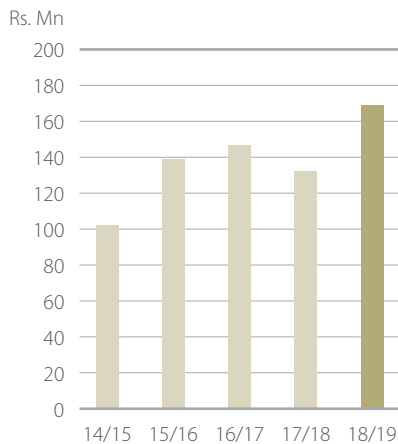
Non Current Liabilities



Current Liabilities



Operating Cash Flow



SUSTAINABILITY REPORT



OUR SUSTAINABILITY MESSAGE FROM CHAIRPERSON & MANAGING DIRECTOR

To be successful in today's digitized global economy, it is essential that we embrace change as our constant companion. The status quo should be challenged, believing that there is, and always will be, a better way of doing things. At the same time, we solidly know who we are. We know what we value. And that knowledge colours everything we do, from the leading-edge solutions we deliver to our customers to the spirit of family we foster internally.

At the heart of our values there is also an abiding commitment to operate a sustainable enterprise. Royal palms Beach Hotels seek to quantify customer-derived value in the form of reduced energy and water use, greenhouse gas emissions, waste reduction, and efficiency improvements. Sustainability is not only a strategic commitment to eliminate waste; it just makes good business sense. We are proud to introduce our new corporate sustainability strategy which reinforces Royal palms Beach Hotel's broader mission, vision and values that all foster a healthy and safer world where people are free to live their lives; one where we protect and care for people every day.

We are likewise proud to be active participants in an on-going global dialogue about how best to meet the formidable challenges that lie before us, from population growth and food shortages, to global warming and climate change, to displaced people, war, and pandemics, to name just a few. We believe it is our responsibility to be part of the solution to those challenges and to engage with our customers, suppliers, and host communities in that pursuit. To meet it requires focus, aggressive action, and the belief that in the end we can make a difference in protecting the planet we share, the people who inhabit it, and the means to provide a safe and prosperous future.

A.M.Ondaatjie
Chairperson & Managing Director

HOTEL SUSTAINABILITY POLICIES

Royal palms Beach Hotel Energy Policy

We believe Energy is our key source on our day to day activities. Globally energy production will have adverse impact on global warming and climate change.

We at Royal Palms Beach Hotel believe conservation of Energy is the key survival of our future generation. Hence we take all precautions measures to ensure energy is used effectively on our day to day activities. We always believe our future depends on focusing more on renewable Energy than non-renewable Energy.

We will take every measure to make our staff, guests, visitors and Stakeholders understand the importance of Energy conservation.

Corporate Social Responsibility Policy

We recognize and strive to integrate our business values and operations to meet the expectations of our communities, recognizing our responsibility to work in partnership with the communities in which we operate.

We recognize our business presence in the community and to enhance our presence to the betterment of the community to safe guard their respect and offer our maximum support in uplifting their living standards, cultures and religious habits by actively participating in open dialogue to ensure that we fulfill the requirements outlined within this policy.

We shall be open and be honest in communicating our strategies, targets, performance and governance to our communities in our continual commitment to sustainable development.

Royal Palms Beach Hotel is responsible for the implementation of this policy and will make the necessary resources available to realize our corporate responsibilities.

The responsibility for our performance on this policy rests with all employees throughout the company.

Environmentally and Social Sensitive Purchasing Policy

Royal Palms Beach Hotel will make every effort to minimize our operational impact on the environment by purchasing eco-friendly products, partnering with like- mined vendor and make sound eco-operation decision while providing the highest level of service to our guest.

Our mission is to recognize that it is to explore all purchasing to be environmentally and sustainably appropriate. It is understood that products that are purchased have environmental impacts, and that the Hotel should make procurement decisions that embody the Hotel's ongoing commitment to promote environmental stewardship and sustainability.

All Hotel future procurement decision will embody the hotel's ongoing commitment to promote environmental stewardship and sustainability and will follow local government legal frame work when making procurement decision without making an impact on the economic efficiency of the property.

We will work with the local communities very closely promoting procurement of local products and services where possible at all time. We will educate all our stake holders on the environmental and socially sensitive purchasing and its legal frame work and its importance.

Our objective is to reduce impacts on the Environment and human health through changing purchasing behavior by adopting a Green Procurement policy.

Our Health & Safety Policy ISO 18001:2007

We consider our staff, guest and visitors are the most important humans who patronize our products and services.

We believe that providing safest place for all of them is our most important responsibility and therefore we take every step to ensure that safety all the time.

We strongly believe that our success and future is all about our health and safety while passionate about quality, environment and service standards.

We continually improve our health and safety standards and maintained as per regulatory requirements and educate all stakeholders every possible way and time.

Our Environmental Policy ISO 14001:2015

We at Royal Palms is not just a hospitality service provider but a team of dedicated individuals who has a passion of contributing positively to our mother earth and protect it for our future generations.

We always strive to mitigate negative impacts created due to our operations and positively participate in developing environmental friendly practices within and outside premises.

We dedicate to create awareness among our staff, guests and visitors while meeting statutory and regulatory requirements all the time and continually improve our good environmental practices.

sustainability Report



CORPORATE SOCIAL RESPONSIBILITIES

Royal Palms Beach Hotel carry out all the CSR projects mainly under 3 categories. Those are children, community and environment. The Hotel is trying to uplift the living standards of the community, make an easy to study environment for the children and to protect, maintain the beauty of the nature and enhance the awareness of the people regarding the surrounding they live. As a consequence of practicing continuously the CSR practices Royal Palms Beach Hotel won the South Asian Travel Award for the best CSR practices for three consecutive years (2016, 2017, and 2018)



Children Based CSR Activities for 2018/19



The Learning Tree Pre-school Annual Christmas concert

Royal Palms Beach Hotel is engaged in the Pre- School Concert expenses including gifts every year.



Gifts Distribution to the preschool kids with the involvement of the Royal Palms Guests.

Some of our guests were keen to share some gifts to the Learning Tree Pre School Children.



Annual Uniforms Distribution to the Learning Tree Pre-School kids

The villagers have been struggling to get proper uniforms for the students for about few years, by the involvement of Royal Palms Beach Hotel the kids work provided uniforms.



Repainting and repairing the premises of the Learning Tree Pre-school

To commemorate the world Children's Day (01st of October) The Royal Palms Beach Hotel carried out a Sramadhana campaign at The Learning Tree Pre-School area.

Bank Books Distribution

Children of the staff who completed G.C.E. Ordinary Level exam were donated Bank Saving Books.





Gifts Distribution to the preschool kids with the involvement of the Royal Palms Guests.

World Guinness record holder Mr. Geoff Price on his birthday distributing some gifts to the Learning Tree Pre School children.



Annual Book List distribution to the Learning Tree Pre - School Kids

Annual Book list of Learning Tree Pre School was sponsored by Royal palms beach hotel.

Annual Educational Trip organized to the pre-school kids

Pre School Annual trip to Guruge Nature Park organized by Royal Palms Beach Hotel. All expenses of the full day including meals was provided by the hotel.



Community Based CSR Activities for 2018/19



Places of Interests in Kalutara and Beyond

Royal Palms Beach Hotel developed details of places of interest in and around Kalutara , with a view to promote foreigners to experience Kalutara more. Main purpose of this was to promote Kalutara as a destination of visits and also to improve living standards of people in those areas.



Distribution of unused linen to Nagoda General Hospital

Unused linen were distributed to Nagoda Hospital.



Flower offering place

New Flower offering place to the Lord Buddha was built at the Buddhist temple close to the hotel and handed over to the villagers of the vicinity . Now the devotees could make their flower offerings from the road side without entering the temple.



Blood Donation Campaign

Annual Blood donation campaign was organized to donate blood to the Blood bank of Kalutara Base Hospital.

World's Women's day celebration with the Jawaththa Female prison inmates.

World's women's day was commemorated with the Jawaththa prison female inmates. During the day a Buddhist Religious programme to lady prison inmates was conducted. Donate some of discarded items which can be used by them.sleeping materials & gift packs were donated to lady prisoners & kids. Other than that the prison hospital was colour washed.

sustainability Report



ENVIRONMENT

GENERAL APPROACH

Royal Palms Beach Hotel is located in Kalutara, Sri Lanka 40Km away from Colombo, the main City of Sri Lanka. It is situated close to the southern express highway and located in southern coastal area. There is a special team working to maintain the landscape tasks of the Hotel. They always focus on maintain the natural green view of the Hotel. Plenty of sea breeze tolerable Mangrove plants, Coconut trees, Palm trees, some pots with vegetables planted add beautiful green look to the Royal Palms. Main contribution in maintaining the Hotel landscape continuously comes from the Engineering sector and the Gardening sector of the Hotel. More than 45% of the land scape is covered from the vegetation.



Royal palms Beach Hotel always consider to manage energy, water and waste efficiently. Always take action to minimize impacts to the environment. One of our main focuses is to engage our valuable Guests and the Hotel staff to follow our sustainability programmes and engage in our green programmes introduced by the hotel throughout the year.

We always focus to analyze the impacts to the environment of our daily activities covering the entire departments via an Impact aspect register consequently the Hotel could be able to reduce the impact on Environment successfully.

Royal Palms as an Environmentally friendly hotel we keep our staff, the guests and general public concern ever

aware of the Environment & policies by means of notices, meetings, activities where ever and whenever possible throughout the year.

As a one team always continue the good practices introduced with the aim of achieving the Environmental policy and introducing new ideas for further improvements, whatever there cost be to make an better Environment.

NEW SYSTEMS, PROCEDURES AND PROCESS INVENTED AND INTRODUCED RECENTLY TO IMPROVE YOUR PRODUCTIVITY/ PROCESS TO ENHANCE EFFICIENCY/ QUALITY OF THE ENVIRONMENT.

To reduce the Electricity consumption further replace the old nun LED bulbs with low energy consume LED bulbs. Through this project more than 95% the Hotel improved to LED light system.

Monthly measure chemicals & water savings through Linen reuse project which introduced a Green Card system to the Guest Rooms by mentioning linen reusing system and water saving massage system. Due to this for the last financial year we could be able to save significant amount per month in average.

Through Introduced LED light system to the Hotel Banquet hall, Introduced solar lighting system to the Hotel Boundary wall area, reduce the electricity consumption in a significant level.

Net metering of executive quarters were implemented Due to implementing Net metering system implemented at Executive staff accommodation electricity bill reduced significantly.

By implementing low flow water tap system to the guest rooms has enabled to reduce the water wastage. To further reduce the water wastage sensor water tap systems were introduced to the public wash room areas.

Due to modification of waste segregation bins in Guest rooms with the facility of separation system improved the best practices in waste segregation process further.

Dry garbage collecting from the gardening (leaves, branches, etc.) send through a crushing machine in daily basis and then make compost by the hotel itself and it is used as a natural fertilizer within hotel garden. Also now the hotel is enjoying the own organic vegetables and fruits as a result of natural compost.

To segregate garbage in a proper way replace the waste bins in public areas, kitchen areas, restaurants and in receiving bay area according to the CEA approved colour code system

Relocated the Chemical room to the receiving Bay area to enhance the quality of the environment.

Garbage separation room modified with an e-waste collection area.

EVENTS PERTAINING TO ENVIRONMENT:

As an Environment friendly hotel, we take every necessary steps to protect our Environment. Royal Palms Beach Hotel is committed in enhancing not only the within surrounding but also the outer surrounding environment. Environmental awareness programmes carried out by the Royal Palms Beach Hotel Green Team through green Meetings.





Ex: Environmental awareness boards and information boards displayed at the Thudugala waterfall area. Royal Palms provide inspirations to the people who visits the waterfall, to protect and keep the place clean.

Throughout the year from time to time, tree planting programmes were carried out engaging guests (Examples: New Year Festival, World tourism Day etc.)



Environment related community/ rehabilitation programmes
 Royal Palms Beach hotel has identified the rehabilitation needed areas and make moves to attend them. The Hotel Recently organized a cleaning and reconstruction programme at the Thudugala Waterfall. Cleaned the Thudugala waterfall surrounding area and repaired the wooden bridge to mark World Environment Day 2018.



To enhance the interest of Sri Lankan Flora and Fauna Free Bird watching tours and village free tours, Beach tours organized by Royal Palms for foreigners as seasonal offers/special offers:



To reduce the emissions: Zero emission bicycles number increased and made available for guests for short distance travelling.

ECO SYSTEM AND BIODIVERSITY

Royal Palms Beach Hotel situated in the south west coastal line in the Kalutara District. Its land area covers total about 7 Acre/ 0.004 Km2 and Royal Palms lies in low land wet zone. The average annual rainfall is about 2900 mm received mainly during the South West monsoon season (from May to end September) other than that there is a considerable amount of contribution from 1st and 2nd inter monsoons and mean monthly temperature is about 30oC - 35 oC.

Though the hotel is in the coastal zone Royal Palms Hotel maintaining comparatively high floristically high abundance. Out of the total land area we maintained more than 45% of a vegetation cover. Though It is difficult to maintain high species richness as a result of the geographical land scape near to

the coastal line but still we have identified more than 52 main floral species within the Hotel boundary all together with natural and ornamental.



The natural vegetation of the Hotel is dominated by several mangroves consist of trees like Pandanus sp.(Seashore Pandan), Dillenia suffruticosa (simpoh Ayer), Barringtonia asiatica (Box Fruit), Other than that the domestic garden area contain many plants and trees that are grown as ornamentals. Ex: Howea forsteriana (kentia palm), Roystonea regia (Royal palm), finger palms, Hibiscus sp.(shoe flowers) and Cocos nucifera (coconut), Cocos nucifera (King Coconut), Terminalia catappa (country-almond), Azadirachta indicaalso (Kohomba) also provide a major contribution to the floral abundance. During the month of May it add a special beauty from the Flame Tree(Mal Mara) usually with large quantity of red flowers.



The satisfaction of the forest vegetation has also created divers habitats some birds and it has enabled the formation of mixed species foraging bird flocks which add colour to the hotel garden. At the

sustainability Report

hotel garden birds such as Cattle Egrets, Little Egrets and Rock pigeons (Common Pigeons) can be easily seen. Other than that avifauna species such as Lesser Goldenback, White bellied Drongo, Rose Ringed Parakeets, Asian Koel, Greater Coucal, White throated Kingfisher, Brown headed Barbet, Red- vented Bulbul, Common Tailorbird, Babbler, Sunbirds etc. add colours to the Hotel Garden.

A variety of some butterflies can be seen mainly near to the Organic garden. Some of these include Lime butterfly, Common Rose, Common Mormon, Mime, Psyche, Jezebel, Blue Tiger, Glassy tige, Common Crow, Baron, White four Ring etc.



Squrels are the common and famous mammal found within hotel garden area other than that several lizard species such as Caloes Calotes (Green Garden Lizard) and (Calotes versicolour) Oriental Garden Lizard also possible to seen.



Time to time some turtle species mainly Green turtles and Olive Ridley Sea Turtles come to the Hotel Beach area to lay their eggs.

Conservation of Environment:

We always try to increase the vegetation cover thus time to time throughout the year several Tree Planting programmes involving with in house guests carrying out.



Involve repeaters planting trees to mark their come back to the hotel during their stay. Ex: 24 Coconuts trees were planted by repeat clients to mark their comeback, also we motivating children to plant trees to save the Earth. We take necessary actions to enhance the knowledge and awareness to protect the Environment among the hotel staff and the surrounding local people.

Environment Based CSR Activities For 2018/2019



Thudugala Waterfall clean up campaign

To commemorate the world Environmental Day (05th of June) The Royal Palms Beach Hotel carried out a Sramadhana campaign at Thudugala Waterfall area



Enhance Environmental awareness

Environmental awareness boards and information boards started to display at the places of interest in Kalutara area. Ex: Thudugala waterfall area, Calido Beach. Royal Palms provided an inspiration to the people who visits to these places, to protect and keep clean the place.



Nature Trails and village tours

Nature Trails and village tours was introduced to give the guest an experience of a life time.



Helping to the helpless injured turtles

An injured Olive ridley sea turtle (Lepidochelys olivacea) was spotted on the beach was treated by the hotel with the help of wild life department and was released back to the ocean.



Turtle eggs conservation activities

Time to time Sea turtles come to the hotel beach to lay eggs, when it is risky turtle eggs conservation actions were taken to protect the eggs from the predators.



Commemorate the world Tourism Day

To commemorate the world Tourism Day (27th of September) The Royal Palms Beach Hotel carried out a Sramadhana campaign at Calido Beach area.



Monthly Beach clean up programmes

Occasionally beach is been cleaned by the staff of Royal Palms Beach Hotel.



Environment Education

Royal Palms Beach Hotel staff are given more knowledge on Environment education.



Tree Planting with Preschool kids

Motivating children to plant trees to save the earth.

SOLID WASTE MANAGEMENT

Though usually hotel sectors do not give much attention on waste management systems, Royal Palms has developed a proper systematic Solid Waste Management system and thereby has been able to reduce adverse effect of waste on Human health, the Environment and aesthetics.

Waste Segregation Process

Waste segregation is an important part in the waste strategy. Royal Palms practice waste separation at the source which is also known as the source separation system. In this process we separate waste to different types at the place where it is generated. This is carried out by placing throughout the hotel premises Central Environmental Authority accepted different coloured bins for different types of waste. (Ex: Paper: Blue, Glass: Red, Food waste: Green, Polythene & Plastic; orange etc.)



When our waste is hazardous or complicated we have to segregate it manually and carefully and dispose it correctly. A great benefit of waste segregation is that it makes the recycling process so much easier. Finally segregating waste is extremely beneficial to the environment.

Method of Storage, Transportation, Collection

For the temporary storage of waste, the Hotel has provided properly labeled segregation bins with relevant color codes, covering the entire hotel area. Ex: Such as hotel gardening area, inside

sustainability Report

the guest rooms, all hotel restaurants, Bars, Kitchen area, all back office areas of every department, all wash rooms etc. Then all the garbage moved to the “Main Garbage Room” which also known as the “Sobha Poshana Uyana” of the hotel in daily routine basis. It is there that further sepetation in to more than 20 types of waste is done. There is a special place called “Wet garbage-Cold Room” to temporarily store food waste”.



We Consider Waste as a Valuable Resource

Unless you live a zero waste life cycle there is always room for improvement in what happens to your waste items .When it comes to taking care of the planet we believe while the abstract idea of reducing one’s waste can be a great place to start our own working place.

Tins, cans, plastic goods and glass bottles, card board, metal, paper and magazines etc. are sold to proper license owning waste collectors living near the Hotel area and through them we make sure that our waste products are recycled in a proper manner.

some other waste products which could be identified as raw ingredients to another industry/place they are sold to proper industry .Ex: kitchen used oil is sold to the soap manufacturers as a raw material for soap making.

Dry garbage collected from the garden (leaves, branches etc.) are sent through a crushing machine in a daily basis and

then used to make compost by the hotel itself and it is used as a natural fertilizer within hotel garden. In Sri Lanka this is carried out only by a very few Hotels. E-Waste Management: According to the recommendations of CEA, The hotel E-waste management carried out with Licensed E-waste collectors (Geo-cycle) and Asian Recycling (PVT) Ltd.

Type of E-Waste	No
LCD Tv	32
Ups Battery	03
Key Boards	04
Toners	48

Daily collected food waste use as piggery food (Animal feed) as a long term CSR project.

Thus Royal Palms can be proud, because we manage our hotel waste and gain the maximum benefits from the waste. From our Garbage room, annually we gain an extra income of above Rs.350 000; thus the garbage collecting area has also become the Hotels’ Green Bank.

Garbage Room “Our Green Bank”



Perishable Waste Management: Compost Pit

As a star class hotel we do always consider about best green practices and active waste management system; thus we always do our best to implement necessary actions inside the hotel premises. Except for dry garbage, we had good solutions for all the other types of waste management. To overcome this gap Royal Palms Beach hotel has identified a good solution for this daily basis collecting dry garbage. Earlier we had to remove these collected dry garbage (leaves, branches, etc.) to outside for responsible disposal by spending money. But the new crushing machine which we used in compost manufacturing process in the hotel; Sumudugama area has provided a good solution for this perishable waste.



Consequently now for Royal Palms, this perishable waste is not a waste anymore.

Dry garbage collecting from the garden (leaves, branches, etc.) send through the crushing machine in daily basis and then keep these crushed dry leaves as piles for about two to three months ,and then after the sewing process, added to the hotels, compost pit.

Through this project we make our own natural compost by ourselves and as a result of it we have been able to enhance the vegetable and fruit harvests of the hotel .



Excess amount of our compost is sold to the hotel staff for a reasonable price. In recent future we will selling the extra compost to the outsiders for a reasonable price.

Waste Water Treatment Plant:

Nature has an amazing ability to cope with small amounts of water wastes and pollution, but it would be overwhelmed if we didn't treat the huge number of cubic meters of wastewater and sewerage produced every day before releasing it back to the Environment. Before releasing to the Environment we take necessary actions to treat all the waste water within the premises with the use of Waste water treatment plant thus we reduce pollutants in them to a low level that the nature can handle. The quality of treated wastewater is continuously checked and maintain the levels to below or equal to the tolerance limits for the discharge of industrial waste into the inland surface waters.

Treated water is sent to the pond located at the Tangerine Beach Hotel premises and Treated water is send to a collecting pond near the spa of Tangerine Beach Hotel. The excess amount of treated water is used for the garden watering purpose.

Month	Treated water 2019/ m3	Treated water 2018/ m3
January	8331	8,355
February	7800	6,910
March	8786	7,656
April		7,590
May		6,668
June		7,770
July		8,480
August		7,725
September		7,857
October		7,449
November		8,097
December		7,134

Some Main Strategies of Minimizing Waste Water Generation.

One of our recent project is the project of Motion sensor automatic tap water system in the public areas. This contribute to a more sustainable world in two main ways. For instance while traditional taps pour between several liters per minute, these sensor taps would not use more than several ml per minute. And in motion sensor taps water flow is already customized. And we assume it saves around 6L of water per activity.

Other than this the hotel practice several strategies to conserve water. Such as there are water saving messages in guest bathrooms, public areas and staff bathrooms. Dual flushing systems in all wash rooms, staff training instances, and taps fitted with water saving devices. Low flow taps in all the guest rooms, Hotel commodes are with low flow flush units, in public washrooms urinals are with sensors. Sprinklers in the Garden and flower pots

The 7 R's of Sustainability

As a green hotel our sustainability practices up graded 3R's of sustainability concept to 7R's of sustainability. This includes: Refuse, Reduce, Re-use, Recover, Repair, Regift, and Recycle. These ideas are

applied to the entire lifecycles of products and service from design, manufacture, use reuse and disposal.

When necessary the hotel refuse products, services, techniques and methods which cause significant environmental damage. Ex: purchasing hazardous substances Royal Palms always focuses to purchase less hazardous/Non-hazardous Bio-degradable alternative cleaning supplies, detergents, adhesives, paints, pesticides, etc.

Take every possible action to reduce our energy, water and resource usage. Several actions such as LED light projects, Thermostat projects, solar light projects, sensor water taps projects etc. Reuse what we have used to reduce impact. When we cannot, reuse to 100% level, use whatever parts that can be reclaimed. Ex: Kitchen used oil is sold to the soap manufacturers as a raw material for soap making. Rough papers are reused for key wrapping.

Waste water mainly treated aerobically, with microorganisms and used to maintain the pond with flora and fauna and for gardening purposes. Reused laundry hot water to heat the Boiler. Kitchen waste used as pig food. Dry degradable waste reused as a natural fertilizer to the garden after turning to compost.

Recover products, services, methods with more environmentally friendly alternatives. (Ex: replace polythene garbage collection bags with bio degradable long lasting bags, replace plastic files with cardboard files, introduced bicycles for transportation. Replace plastic water bottles with glass water bottles in the mini bars.

sustainability Report



The hotel Engineering team first try to repair broken items before purchasing new items. Recycle parts of products which cannot be reused as a whole.

When possible we donate our excess non using materials to the needed places on their request as CSR projects. Tins, cans, plastic and glass bottles, card board, bulbs, e- waste etc. sent to proper license owning waste collectors for recycling them.

MANAGING GREENHOUSE GAS EMISSIONS

GHG Management

Behind the struggle to address global warming and climate change lies the increase in Green House gases (water vapor, carbon dioxide, methane, nitrous oxide etc.) in atmosphere due to absorbing infrared radiation, thereby trapping and holding heat in the atmosphere. Increasing GHG emission has create various risks and due to increasing concern towards climate change. Thus government across the world are creating regulations to restrict the emissions. Most affected sectors are Energy & transportation GHG emission reporting, & management in the Hotel can create suitable environment to be

ready for such regulations. On another hand while protecting the Environment it also create an opportunity for the Hotel to save the cost by optimization of Energy profile, sourcing of renewable energy technologies. Larger GHG emission sources are also the most Energy intensive. GHG emission accounting reporting and management lets us monitor the energy source and identify GHG emission reduction projects internally which can lead to cost saving for the organization. Example of such recent projects are using solar Energy instead of fossil fuel based Energy. Ex: Use of Solar Hot Water system, has enabled a considerable reduction of diesel consumption.



Solar Gardening Lighting project also to reduce electricity consumption significantly.

Net Metering & Solar Panel system implemented at executive staff accommodation: It shows the large reduction of the electricity bill. Also always our Engineering team follow suitable actions to identify and reduce Electricity consumption within the Hotel premises. Continuously maintaining records of Diesel consumption, electricity consumption, LP gas consumption as for weekly, monthly, yearly and they are compared with previous year records and thereby identify the progress/ any over consumption situations and thus are able to take actions to mitigate over consumption. Net meters were set department wise and Guest rooms areas

block wise. Through this massive project Royal Palms is able to identify the water/ Electricity consumption in department/ block wise. Thus now it is easy to identify if any sudden over consumption situations and could take necessary actions to control them quickly.



Introduction of Heat pump has reduced chiller consumption significantly. Also All most all of the bulbs are energy saving bulbs- thus a considerable amount of electricity is saved. About 95% of Hotel bulbs are LED bulbs & Dimmer switches are placed where possible. When managing GHG emissions we very much concern about Transports. Details of transports done by the hotel vans maintained for every visit/ tour. Purchasing frequency is reduced. Unnecessary purchase visits controlled. Most of the suppliers bring goods/ items to the Hotel. Department wise requirements identified, and as much as possible all purchasing done by one trip. Also through several tree plantation programmes take necessary actions to increase the vegetation cover within the Hotel. To reduce GHG one of our massive upcoming project will be Replacing refrigerators by CFC free, energy friendly fridges at Guest rooms.

Carbon Foot Print



Carbon footprint is our individual contribution to Green House gases and how much carbon dioxide we have released into the atmosphere. The emissions are measured and expressed as carbon dioxide equivalent. Royal Palms identify one of the best way of reducing carbon foot print is to produce own renewable energy using Solar power. The Carbon footprint was calculated with assessment focus on the entire facility as a whole, considering the year 2018 as the base year. The organizational boundary chosen for this assessment is Royal Palms Beach Hotel premises, executive quarter and the staff quarter. GHG inventory for the base year (2015) has been excluded the scope 03 emissions therefore inventory for the 2018 has been recalculated with the scope 03 emissions. For 2018 carbon foot print value was 1976.83 tco₂e Compare to the previous years Carbon foot print data it shows significant reduction and it may due to the continuous several sustainable projects.

Following Table provides a comparison of the GHG emissions among the 3 scopes in 2015 and 2018.

Table: Comparison of the GHG inventory between 2015 and 2018

Scope	GHG Emission(tCO ₂ e)		Increase over 2015	Percentage increase over 2015
	Year 2018	Year 2015		
Scope 1	632.91	1451.50	(818.59)	(56.39)
Scope 2 (Purchased electricity: from national grid)	1163.55	967.21	208.79	20.3
Scope 3	166.224	Excluded	-	-
Total (Scope 01+Scope 02)	1976.83	2418.71	(622.24)	(36.09)

By implementing 100% solar garden lighting system and solar hot water system, the hotel has avoided an emission of 36.972 tco₂e. The hotel saves 18,442 tco₂e of GHG emissions by replacing incandescent and fluorescent lights with LED bulbs which were used in the pavilion, main kitchen and the banquet hall. Other than above emission reductions the hotel has installed net metering system to the executive quarters as well.

ELECTRICITY CONSUMPTION

Energy

Managing Energy Consumption

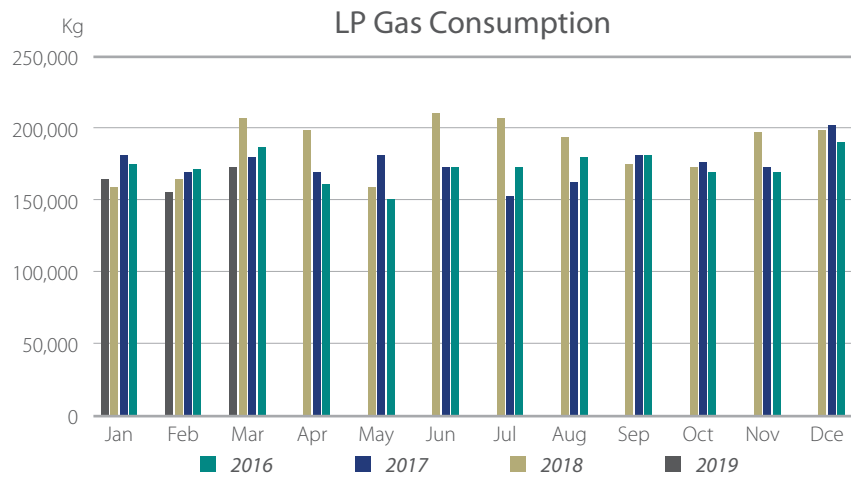
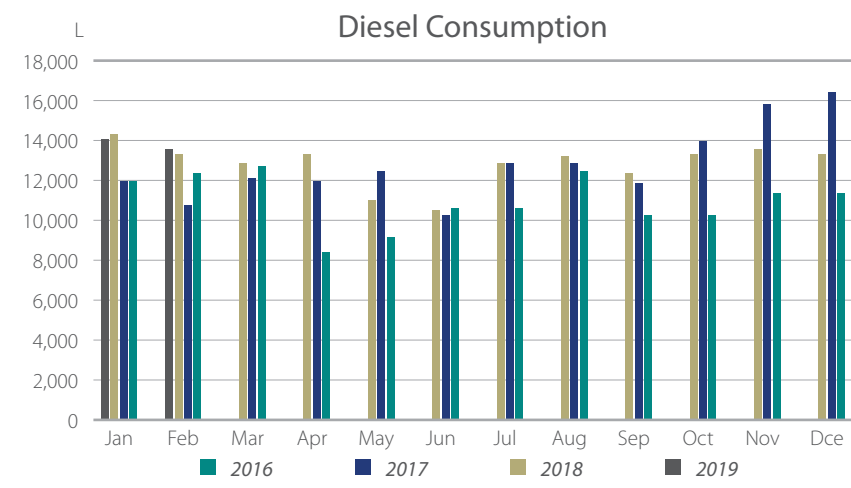
Energy management are the means of controlling and reducing the Hotel energy consumption. Controlling and reducing Energy consumption is important because it enables us to reduce costs, reduce carbon emissions, reduce the risk by reducing our demand for energy and by controlling it so as to make it more predictable. Royal Palms Beach Hotel maintains sub meters, department wise and block wise and by that we have been able to maintain reports of Total electricity consumption department wise, Month wise and year wise, consumption by type and consumption by source vice. Thus we could identify problems connected to electricity usages and to take mitigation actions quickly if there is a necessity.

Energy Management involves the following steps:

1. Metering energy consumption and collecting the data
2. Finding opportunities to save energy and estimating how much energy each opportunity could save.
3. Taking actions to target the opportunities to save energy.
4. Tracking our progress by analyzing our meter data to see how well our energy saving efforts have worked.

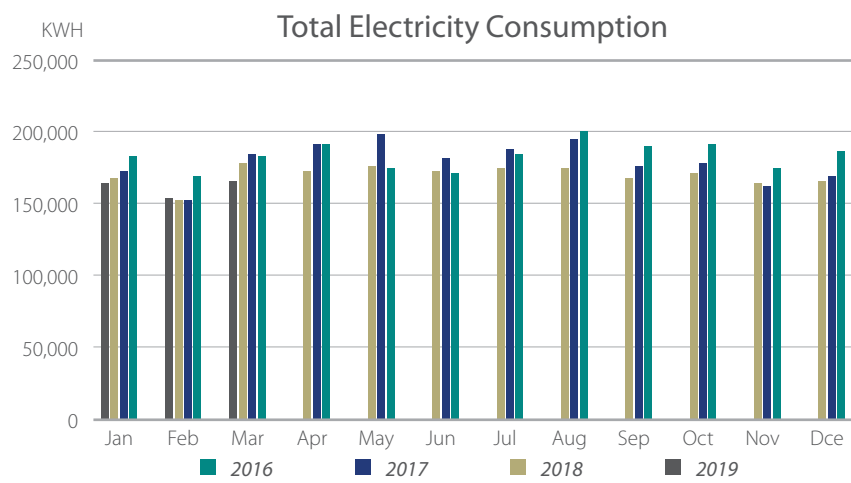
sustainability Report

Consumption by source (Diesel / Gas)



Total Electricity Consumption

The given below charts show the electricity consumption for three consecutive years. According to this statistical data, 2018/2019 financial year shows a significant reduction in electricity consumption.



Energy intensity comparison

Month	2019 (Kwh)	2018 (Kwh)	2017 (Kwh)
January	164,344	168,741	173,853
February	153,872	152,938	153,622
March	166,391	178,370	185,441
April		173,683	192,037
May		177,442	198,945
June		173,673	181,422
July		175,975	188,214
August		174,779	196,105
September		169,037	176,373
October		170,999	178,595
November		164,700	163,889
December		166,570	169,232

ENERGY WASTAGE REDUCTION ACTIVITIES WITHIN THE HOTEL:

Almost all of the bulbs are energy saving bulbs (95% LED) thus a considerable amount of electricity is saved.

At lobby use of natural day light during daytime & dimmer switches used when illuminated, Sheer curtains are placed.

A colour code system is used to switch on/off lights on a scheduled basis. A daily shift supervisor is held responsible for this.

Minimum optimum wattage is used on all lights and other equipment in the hotel to reduce electricity consumption.

A card-key system is in operation in every guest room to ensure that lights are off, when guests are not in their rooms.

LCD televisions, which consume less power, have been installed in guest rooms

Special means are taken to measure regular about the Quantities of electricity use and the staff is routinely trained about energy conservation.

We use solar power at all possible times.

MANAGING WATER CONSUMPTION

Managing water consumption is important because only 0.1 % of all, fresh water on the planet is readily available as usable surface water. Currently about 40% of the world's population live in water stress areas. This is projected to be 50%- 65% by 2025. Royal Palms Beach Hotel use well water as the main water source. As a green hotel we take several strategies with using the technology to reduce water wastage. Also we take all the necessary measures to treat well the waste water before releasing it back to the environment by using the Waste water treatment plant. The given below chart shows Total water withdrawal by source.

Treated Water

Month	2019 (m ³)	2018 (m ³)	2017 (m ³)
January	8331	8,355	7,568
February	7800	6,910	6,427
March	8786	7,656	7,546
April		7,590	8,329
May		6,668	8,466
June		7,770	7,287
July		8,480	9,200
August		7,725	9,912
September		7,857	6,579
October		7,449	7,268
November		8,097	7,028
December		7,134	7,190
Total		91,691	92,800

Almost all the taps located in Royal Palms Beach Hotel are fitted with water saving devices. All rooms have low flow taps which helps to save the water.



Hotel commodes are with low flow flush units and we assume it saves around 6L of water per activity. In public washrooms urinals and taps are with sensors and it also support to reduce the water wastage. There are water saving messages in guest bathrooms. Dual flushing cisterns have been installed to minimize water used for flushing. The staff has been trained and motivated to reduce water wastage.

sustainability Report

AS A RESPONSIBLE ORGANIZATION WE TAKE ACTIONS TO REDUCING NON-BIODEGRADABLE WASTE:

- We do the maximum amount of recycling thus it reduces the amount of garbage that ends up in land filling.
- Purchase multiple use items such a rechargeable batteries rather than non rechargeable ones.
- Rather than using plastic water bottles use of refillable glass water bottles in the guest rooms.
- Plastic straws are often a single use item thus we say No to plastic straws.
- We get plastic off Guests eyes. Thus all the guest room amenity outer covers are made out of recycled cardboards.
- Instead of using single use plastic coverings containing shampoo and shower gel, Royal Palms always use refillable eco-friendly containers.
- We are rethinking about our food storage. All vegetable and fruit suppliers are requested to make their supplies in reusable crates.
- Plastic baggies plastic wraps and plastic storage containers are threats to the Environment. therefore the picnic packets are made out of degradable cardboards.
- In the hospitality industry majority of non-degradable waste is generated in the kitchen. To minimize generate of waste , the purchasing team always prefer to buy non/less wrapping bulk purchasing.
- Also items used for for cleaning purposes, the team always makes sure to buy 100% or near to 100% bio degradable chemicals which finally does not harm the environment.

ENVIRONMENT RELATED AWARDS

Royal Palms Beach Hotel Won Gold Award at Presidential Environmental Awards 2018 Under Hotel Sector



The Green Awards programme launched by the CEA in 2011 was converted to the Presidential Environmental Awards Programme in 2015. The event under the patronage of President Maithripala Sirisena, presented awards under 19 categories. For the Hotel sector for the first time the Hotel applied for this and we were able to be adjudged as the Gold winners under the Hotel sector in 2018, mainly for the fulfillment of legal requirements, Hotel environmental functions, continuously carrying out Environmental CSR activities Environmental protection methods, for best waste management, and Environmental friendly activities environmentally friendly attitudes and their efforts towards a pollution free environment through sustainable utilization of the roots of the environment. We were able to make this prestigious award as a result of about 20 years of dedicated efforts. As a green hotel this is a very big and encouraging achievement to the Royal Palms.

Other Appreciations Obtained in Environmental Management Or Waste Management Within Last 3 Years by the Hotel:

Mihisaru Awards 2017 Under President's Patronage

Felicitations for Waste Management Efforts. The Waste Management Authority of the Western Provincial Council organized the ceremony to facilitate government agencies and private companies for their initiatives in waste management in the Western Province and with the aim of streamlining the waste management process by encouraging those institutions. Royal Palms Beach Hotel won the Silver award for the commitment in properly conducting the waste management Process under Hotel section.

Greening Awards 2014;

The hotel received a certificate of Merit In 2014 for their practices of Energy and water conservation and waste water management.

ISO 14001- 2015, certificate.

For all the ways of solving environmental issues in day-to-day operations the hotel was awarded the ISO 14001. This certificate is valid until 10 January 2020.

'Travel Life' Gold Award,

This international certificate was won by the Royal Palms Beach Hotel for hotel accommodations, for their excellent management on environmental impacts such as reducing energy and water consumption and social impacts.

'Switch- Asia' Award.

The key areas covered by 'Switch- Asia' award certification are energy, water and waste management programmes to minimize the impact on the environment.

CSR Related Awards



Royal Palms Beach Hotel can proudly say that they won the SATA award three consecutive years (SATA: South Asian Travel Award) for 2016, 2017 & 2018 Gold award for Leading CSR programme in South Asia, won by the Royal Palms Beach Hotel.

FUTURE SUSTAINABILITY PLANS

- Minimize the boundary noise level by 5% by replace the generator with a soundproof generator by end of December 2019.
- To reduce the electricity consumption and CFC emission, replace guest room mini refrigerators (50%) from CFC free fridges by the end of December 2019.
- To reduce the paper wastage by implementing a proper Property Management system (PMS).
- To reducing energy use by 2.5% than previous year by providing more Awareness programme on energy conservation, transforming to high energy efficiency machineries, more concern about operation time schedule, more concern about renewable energy (solar).
- Reducing water use by 2.5% than previous year total water consumption by providing more awareness programme on water conservation. , transforming to high water efficiency fittings, increase the sub metering system further etc.
- To implement programmable smart thermostats to Air conditioning units at the guest rooms to gain a clear scope of the fluctuations in the energy use over time and to reduce the Energy cost.
- To conduct an Energy Audit to identify the gap areas and environmentally friendly projects to further reduction of Electricity usage.

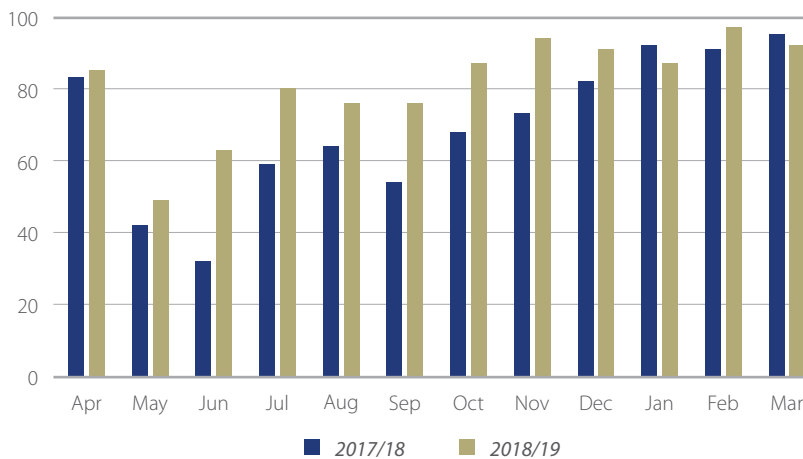


GUEST

Safety of the guests is our utmost priority. In upholding this, we are committed to complying with the local laws and regulations as well as industry standards. We believe a safe environment is vital to an enjoyable experience at our hotel.

Tourist arrivals been increased in this year with compare to 2016. This been effect to Kalutara region as well.

Occupancy growth Comparison last year to current year

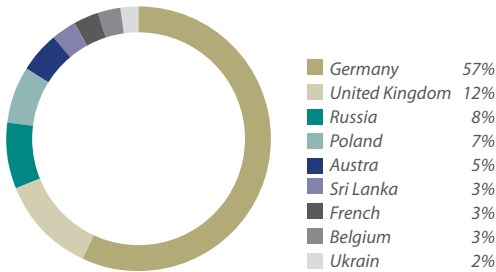


Considering of the occupancy at RPBH also been increased from 69% to 81% with compare to the 2017/18 financial year to 2018/19 financial year.

Nationality Mix

Considering of the nationality mix in last financial year various number of nationalities visited the RPBH Leading nationality was German. British and Russians are became second and third. In addition to the huge number of polish and Austrian also been visited the RPBH and as well as the Kalutara region. In addition 1788 Sri Lankan guest nights also were occupied in Royal Palms in last financial year.

sustainability Report



Guest Satisfaction Analysis

The research of guest satisfaction analysis will help us to have a better understand where we stand and area to be improved. Our analysis is mainly based with online comments such as Trip Advisor, Booking.com, Agoda, and Holidaycheck. In addition to that front line staffs are practicing a new system of collecting the comments from the clients during their stay. This is very helpful to do a service recovery since the clients still in the hotel. This system shows huge impact to minimize the guest compensations.

	2014/15	2015/16	2016/17	2017/18	2018/19
Repeat Guests	106	129	178	84	98
Guest Satisfied	2011	2572	2213	2185	2357
Guest Dissatisfied	106	135	116	103	102
Total Questionnaire	2117	2707	2329	2238	2459
Guest Satisfaction	95%	95%	95%	95%	95%
Guest Dissatisfaction	5%	5%	5%	5%	5%
Sri Lankan Guest Nights	2184	2097	2631	1844	1788
Sri Lankan Room Nights	1456	1398	1754	623	951
Total Room Nights	28220	36098	31056	32602	38287
Total Guest Nights	58249	74617	63646	65216	76250

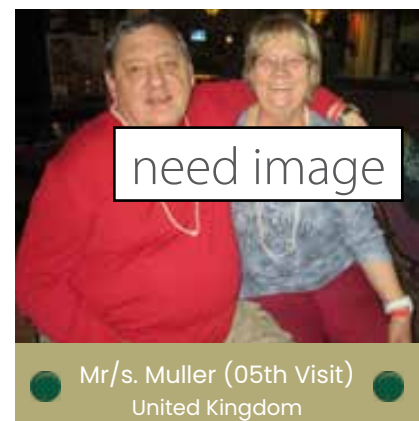
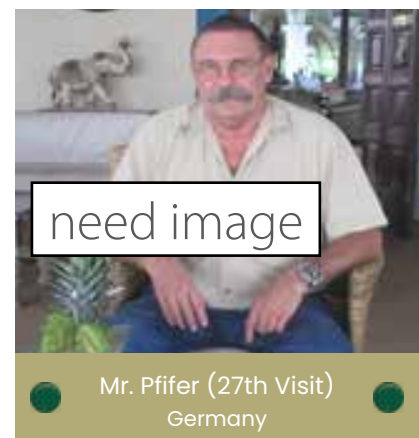
Guest Satisfaction Analysis – Category wise



The purpose of analyzing category wise is easy to identify where we have to improve and what kind of implementations we have to do. Further this will help us to compare where we stand with our competitor hotels and this play major role with staff motivation too.

Golden Hands of Royal Palms

Royal Palms Beach Hotel has a huge potential among the repeat clientele and most of the repeaters are from Germany and United Kingdom. Mr. Pfifer from Germany been stayed twenty seven times at RPBH and It's a great achievement as a service provider in hospitality industry.



ONLINE REPUTATION ON SOCIAL MEDIA



We should know what others are saying about us. Thus Royal Palms always consider reputation as one of prime importance in business to maintain the brand name, confirm about the quality of the service and identify hidden problems. Even though we try our best putting 100% effort, yet there could be dissatisfied customers. Hence it is important to gain customers' trust with our service and products to keep the reputation high. We always motivate all our clients to give up reviews, and better reviews help in better sales. So we always use customer's feedback and reviews to mind the difference in how we identify about ourselves and actually how customers view it. Through social media we try to develop 5 – star reputations, then we Market those reputation and always manage best high level reputations and we do reputation management as a practice. Up to now customers have rated Royal Palms very high and name it as a as a paradise in the paradise of Sri Lanka .We will continuously work as a whole team to gain customers' trust with our services and products and continue to win their high reputations.

PEOPLE

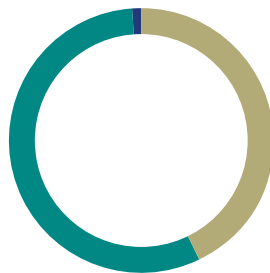
FINANCIAL YEAR STATISTICS

Age Group



Under 25	22%
25-34	18%
35-44	35%
45-54	20%
Over 55	6%

Employment Basis



Contract	42.5%
Permanent	57.1%
Naita	0.4%

Seniority wise



Under 6 Month	16%
Month 6 and 2 Year	19%
Year 2-5	23%
Year 5-10	11%
Over 10	30%

Region wise



Kalutara District	66%
Out of Boder	34%

RECRUITMENT POLICY

The Hotel attempts at all times to recruit right person to the right job. We formulated this policy to guide and facilitate the trainable individuals with high skills, competencies, values and attitudes that would be in line with the discipline, culture and objective of the organization. In order to fulfill the corporate goals of the hotel or if an employee leaves/ transferred from the hotel, if the need of a recruitment would arise within the department.

sustainability Report

Child Labour Policy

Hotel standard is to recruit only the candidates who have completed 18 years of age of the date of recruitment to the establishment. We maintain a policy that all the candidates who are recruited should submit age verification documents such as Birth Certificate & National Identity Card. It is strictly adhered that no candidate would be hired unless he/she has reached the stipulated age and by chance if some employee has produce incorrect age verification documents. We will ensure that all candidates would be send through a medical checkup & with the result of the medical, management would be deciding whether to continue the employment with hotel or not. There were no cases recorded during the financial year recruited miss conducting the child labour policy.

Child Protection Policy

We as a responsible hospitality entity, aims to highlight and generate awareness on child abuse in the industry which our policy is to make it zero at all times. We encourage our guests and staff to be vigilant at all times particularly in relation to the presence of pedophiles and to report any suspicious activities to either the hotel reception directly or contact National Child Protection Authority, Sri Lanka or the nearest branch of the Sri Lanka Tourist Police.
Disciplinary Procedure

Our employees are our biggest asset. With this in mind we have identified the necessity to ensure that the work environment & the workforce is disciplined. Therefore all employees are expected to conduct themselves according to the Company Policies & rules & regulations of the company at all times within the Company premises. In addition all employees are expected to adhere to certain standards outside of the work hours & hotel premises. In case of indiscipline or misconduct each

employee against who such allegation stands will be treated in a fair manner.

Service Charge Policy

The objective of this policy is to set an understanding on how we pay service charge to our employees. The gazette of Sri Lanka does not have / not liable with service charge policies with our Hotel. All staff who recommended for the service charge will be eligible for this payment. Human Resource Department has a policy in portioning the service charge into several levels as 25% , 50% , 75% , 100%.

Following criteria as conceded,
Probation : Trainee (Staff with no experience and hired for the purpose of training) shall not get the service charge. Employee who have experience and depending on experience the HR Department and the Board of Management can decide the portion of the service charge to such an employee.

Contract : Any employee on non-executive level joins the organization in contract basis and shall continue to work with the organization by receiving a portion of the service charge depending on performance the management has its sole discretion to increase the service charge depending on employee performance.

Permanent : Permanent Employee get full service charge.

CORRECTIVE ACTION PROCEDURE

The purpose of this procedure is to establish and define the process for identifying documenting, analyzing and implementing corrective actions in order to eliminate the possible causes and prevent the occurrence non conformances in the hotel. All employees should work & behave in accordance with standers, precarious, Polices, rules and regulations of the Hotel should employee

misbehave, fail to improve work attitude or act against above rules, Head of the Department should take disciplinary action based on the gravity of the misconduct.

PROMOTING A POSITIVE WORKPLACE CULTURE

Coffee with GM

We have implemented Coffee with General Manager programme session for the staff to have a open discussion with the General Manager. The discussion attempts to have a best opinions / Operational level issues and day to day work experience which would lead development of their future and hotel services. This event makes staff members motivate to work as a team and work towards activity for the hotel objectives.

Complimentary birth day cake for the staff members

To create positive ambiance about the hotel and show that we are care for our staff members special days, management has decided to give complimentary birthday cake for the staff who are celebrating birthdays.

Liya Club Launch

Throughout history, the diverse role of women in society has ensured .play an important role in facilitating changes in the organization culture. Royal palms Beach Hotels launch Femina club named "LIYA" for develop female culture of the organization.

Monthly Staff Meeting

In our Hotel we organized staff meeting on a monthly basis. This event conducted and coordinated by Human Resources Department. In this meeting general Manger will address the previous month revenues and expenses of the hotel. New implementation etc.. then manager of the Human Resources will announce the employee of the month of particle month with the staff member who selected at

the Head of the Department meeting. Monthly birthdays of the staff members will also be celebrated at this meeting.

Employee of the Month

Employee of the month programme we introduced to recognize the staff who are performing particular month to motivate and perform effectively. Nomination forms are calling from the Human Resources Department every 23rd of the month and presenting at the HOD briefing. Once HR presented at the meeting all the members will discuss and finalized the staff who are selected of the month according to the criteria as a Employee of the month.

Employee Star Card

We introduced Star Card winner programme to motivate and encourage staff to perform in a assigned job function effectively. Staff should have 10 comments in Trip Advisor / Holiday to be a Star Carder.

GRIEVANCE HANDLING MECHANISM

Grievance Procedure

Grievance Procedures are a means of dispute resolution that can be used by a company to address complaints by employees and guests. A grievance procedure provides a hierarchical structure for presenting and settling workplace disputes. In the hotel we ensure that we have an environment conducive to work freely, Hotel have formulated the procedure if employee have a grievance to be reported either personal or work related. There are many ways in which can report grievances in the sequence laid down. We maintain an open door policy. Thereby employee free to contact his/her superiors by following the steps outlined,

Process :

In the first instance employee should contact his / her supervisor (immediate superior). If a grievance has not been

addressed to employees satisfaction employee may contact the department head and in the event of grievance is not addressed in 2 days or in the event the grievance involves the department head employee may contact the Human resources Manager. If your grievance remains unresolved don't hesitate to contact the general manager.

Employee engagement and wellness

Promoting a positive workplace culture Employees benefits from below facilities

- Staff Uniforms – We providing employee uniforms to display relevant department and colors, it help to identify the staff members working department and designation differentiate. And the service they provide.
- Medical Facility – We providing Medical facility is, in general, any location where healthcare is provided. Medical facilities range a hospital is an institution for healthcare typically providing specialized treatment for or overnight stays. Differentiate to particular designations.
- Salary advances - Salary advance is essentially a loan staff member can request. The advance we are giving from the wages of the staff members and staff member will pay to the employee in future.
- Three meals for the staff – We facilitate three meals for the staff who are on duties.
- Staff Accommodation – We providing staff accommodation with all the facilities etc. Staff members who are not working in the Kalutara Region will be eligible for the staff accommodation facilities.
- Every 06 months Health camp – Health Camps are organized for a well being of a organization as well as to create fit to work staff environment. We are organizing this session in a every 06 months and explaining and advising

about the particular staff members medical condition.

- Holidays for Employees - Having a good work life balance will help staff member to avoid work-related stress and burnout. We approved to give according to the shop and office act 14 Annual leave and 07 Casual leave to enjoy with family and for their health and safety measure.
- Provision for retirement gratuity - The staff who are resigning from the organization completing over 05 years of a service will entitle for the gratuity payment. It is a sum of money paid by an employer to an employee at retirement or a service.

sustainability Report



HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY

Royal palms Beach Hotels certified in International standards Organization. ISO 18001- Occupational Health and Safety, ISO 14001 – Environmental and ISO 22000 – Food Safety. We refers to a set of standards that deal with establishing and maintaining effective quality management operations in the organization. We do every three months to awareness programme to educate and protect about the Health and safety through ISO standards. Following trainings were completed

- First aid Training
- Fire Training
- Tsunami Training
- Food Allegry Training
- Chemical Training

ENSURING HEALTHY AND MENTALLY STABLE STAFF

In our hotel we protect and look after our staff members and educate them in a healthy life. We were organized annual medical test programme for the food handlers / HIV programme for the staff members and we change our meal plan to the healthy menu and in future we are planning to have dietitian programme in every 06 months to educate our staff members. And have good mental capacity we were organized Motivational session with Sri Lankan leading trainers and to groom our staff we were organized Hair and beauty session with Sri Lankan famous beautician.



TRAINING AND EDUCATION – INVESTING IN TALENT ENHANCEMENT

We do Internal and External training programme to enhance the productivity and motivation level of the staff member to achieved common organizational goals .We were organize training programme with Mr Amal Nanayakkara who are leading over 30 of experience in the Hospitality industry throughout the International market and the local industry to conduct the 05 days training programme about the winning attitude, team building and assertive behavior.



Department Training programmes

We are doing ongoing department training programmes related to work and service of procedures.

Out bound training programme

The main focus with the Outbound Training approach is to impart learning on organizational needs such as Leadership, Strategic Thinking, Conflict Management, Team Building, Effective Communication, Quality Improvement, Mentoring and Skill Development. We were organized outbound training programme and supervisors and Executive were participated. Its a full day programme.



OUR HEALTH & SAFETY POLICY

ISO -18001 :2007

We consider our staff, guest and visitors are the most important humans who patronizing our products and services.

We believe that providing safest place for all of them is our most important responsibility and therefore we take every step to ensure that safety all the time.

We strongly believe that our success and future is all about our health and safety while passionate about quality, environment and service standards.

We continually improve our health and safety standards and maintained as per regulatory requirements and educate all stakeholders every possible way and time.

Trainings - Type of trainings

Improved employee performance and employee who receives the necessary training is more able to perform in their job. Training program allows you to strengthen those skills that each employee needs to improve. We are doing following training programmes to develop and motivate our staff members

- Service of Standards (SOP) Training
- Department on the job Training
- International Standards Organization (ISO) Training
- Food Allergy Training
- Product Awareness Training Programme
- Guest lecture Training programme
- Medical health Awareness programme
- Department trainings
- Grooming

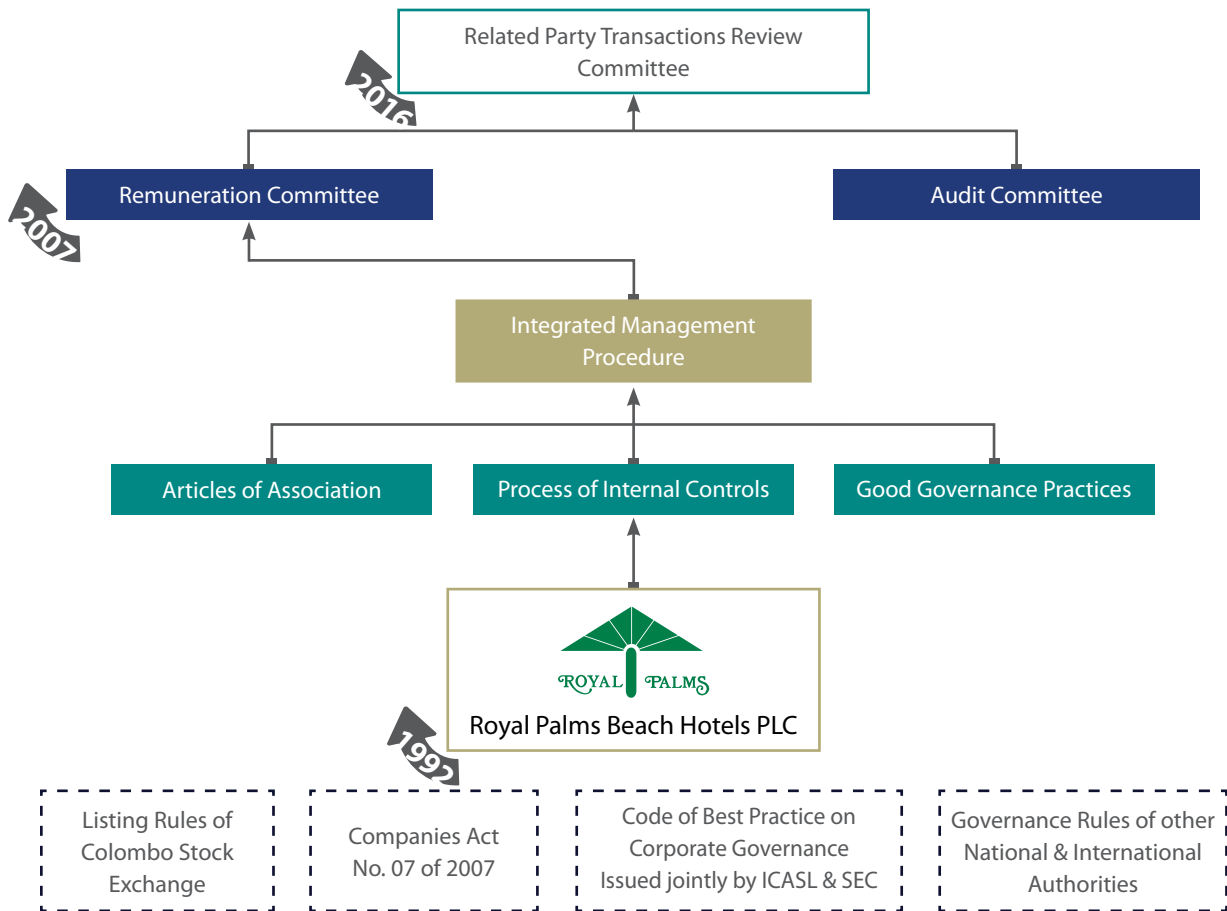
CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

The “Royal Palms Beach Hotel” commitment towards Corporate Governance has been a key element for consistent organizational performance over the years, sustainability as well as in enhancing corporate image and stakeholder confidence. At Royal Palms Beach Hotel., our system of Corporate Governance provides the basis for effective, accountable, transparent and performance-oriented management, control and direction which is aimed towards sustainable value creation. With the guidance and direction of the highest decision making body, the Board; Company is equipped with a strong structure, processes and diligent practices of corporate governance which is imperative to stimulate organizational performance, inspire stakeholder confidence, and reduce opportunity for fraud thus creating a stable and robust organizational environment. We intend to commit considerable resources for continuous improvement of our Corporate Governance system and practices, recognizing our stewardship responsibilities towards the investors, employees, guests and the public at large; facilitating positive relationships between Company’s management, its Board, its shareholders and other stakeholders by aligning the interests of different stakeholders, while concentrating on risk management in achievement of the organizational objectives.

The Company is compliant with the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka, and the Securities and Exchange Commission of Sri Lanka, as well as the rules on Corporate Governance published by the Colombo Stock Exchange.

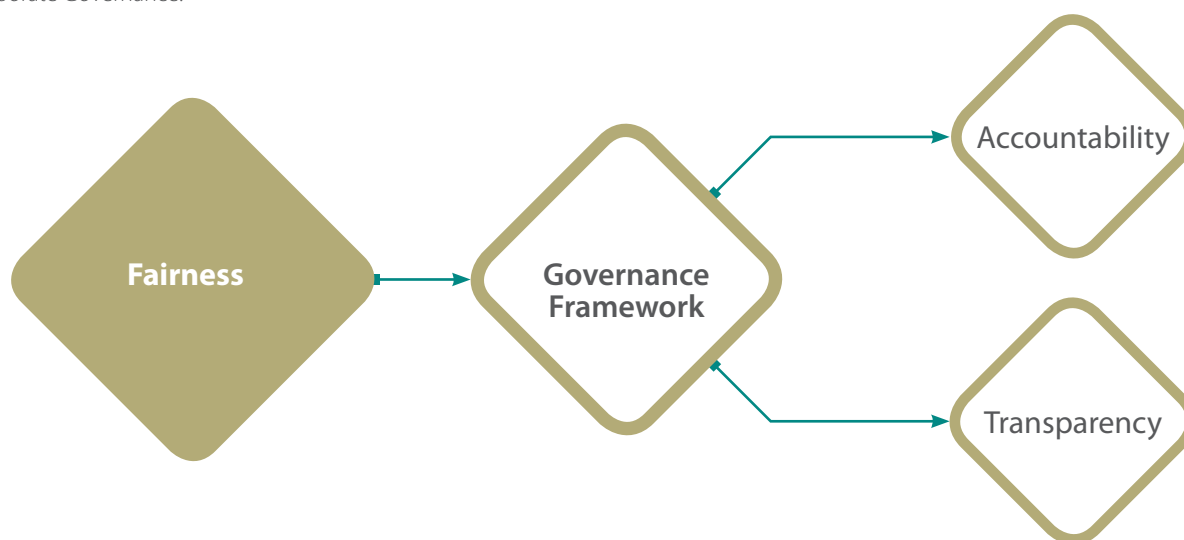
This report sets out the Company’s Corporate Governance practices and processes for the financial year 2018/19 and the extent of compliance with same.



Corporate Governance

GOVERNANCE FRAMEWORK

The Corporate Governance framework of Royal Palms Beach Hotels PLC consists of a governance structure that promotes corporate fairness, transparency and accountability. The framework sets out the board committees and management committees, while demonstrating the communications among board committees, auditors, and our shareholders facilitated by a regulatory framework and an audit, assurance and certification process in a logical arrangement that is in line with the Code of Best Practice and rules on Corporate Governance.



GOVERNANCE STRUCTURE

Components embedded within the Company that is aligned to the Code of Best Practice in order to execute governance related initiatives, systems and processes.

ASSURANCE

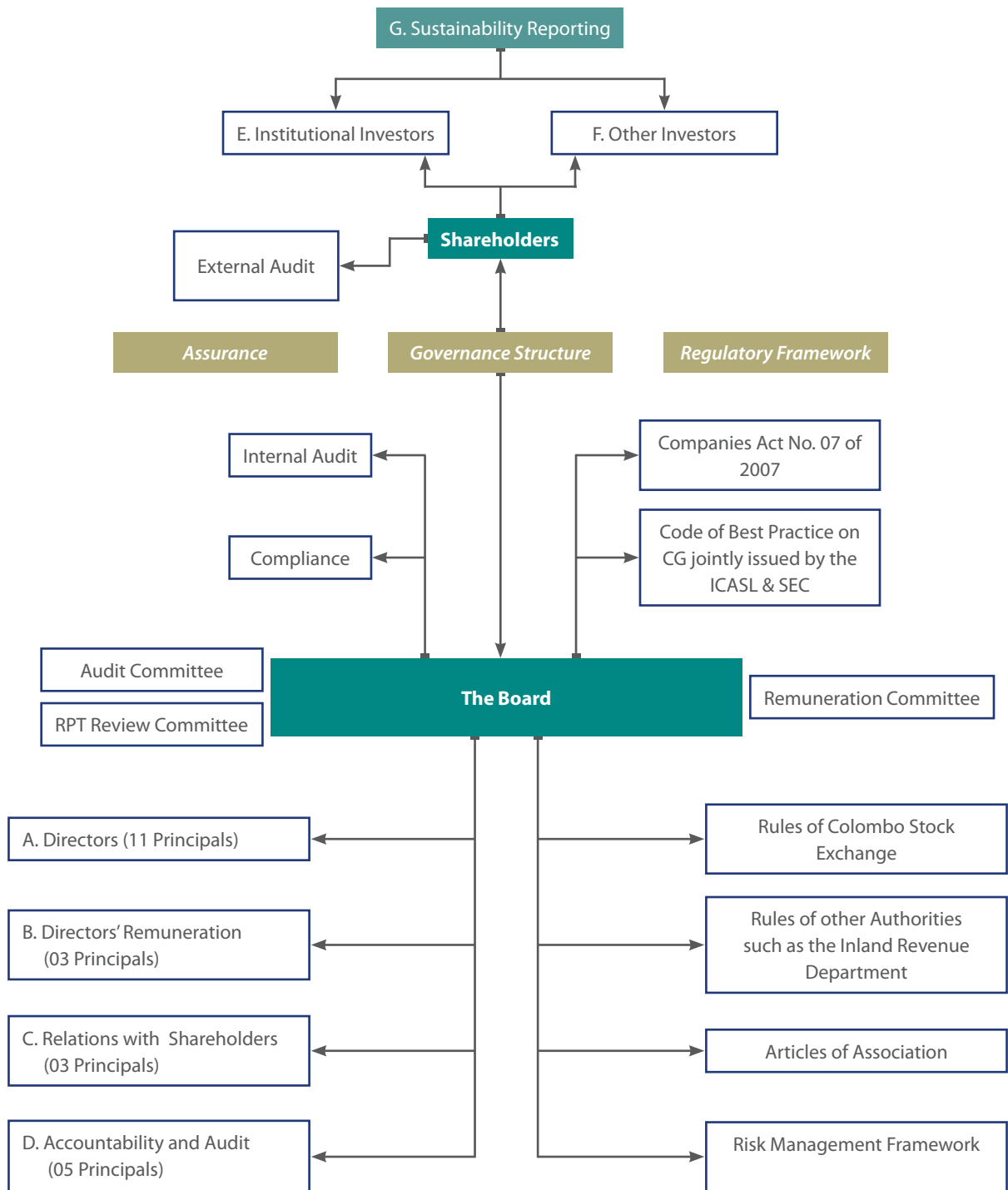
Supervisory element of the Corporate Governance Framework, that assures the compliance with laws, regulations and best practices.

REGULATORY FRAMEWORK

Regulatory structure within which the Company operates towards conforming to established governance related laws, regulations and best practices.

COMMITTEES

Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
<ul style="list-style-type: none"> reviews and monitors full year and interim results; monitors internal financial controls; oversees external audit relationship; and Oversees risk management. 	<ul style="list-style-type: none"> sets remuneration policy; sets executive director remuneration and incentives; approves annual performance objectives; and approves granting of long-term incentives 	<ul style="list-style-type: none"> review Related Party Transactions of the Company; ensuring the compliance rules and other requirements with regard to the Related Party Transactions; overseeing existing policies and making recommendations with regard to Related Party Transactions.



Corporate Governance

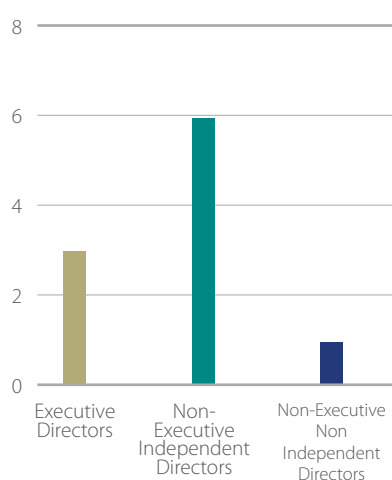
A. DIRECTORS (11 PRINCIPALS)

Principal A.1: The Board

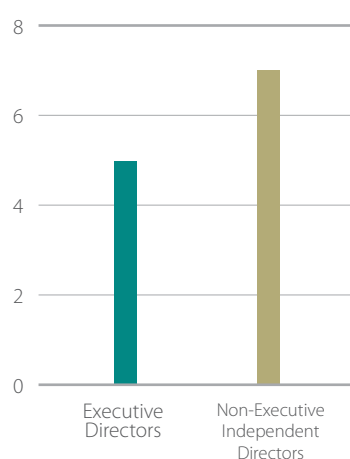
Royal Palms Beach Hotels PLC is headed by an effective board, which is responsible for the Leadership, Stewardship and Governance of the Company. The Board of Directors comprises of,

- Three Executive Directors (ED) – includes the Chairperson/ Managing Director
- Six Non-Executive Independent Directors (NED/ID)
- Six Non-Executive Independent Directors (NED/ID)

The Board 2018/19



The Board 2017/18



- Mr. G.L.A. Ondaatjie Deceased on 04th January 2019

A.1.1 Board Meetings - Compliant

Two Board Meetings were held during the year and the Company is compliant with the Code of Best Practice as the Board has met in every Six Months of the financial year 2018/19. The Board meets as a practice as and when required. Agendas and papers are circulated in advance to enable informed deliberation at meetings and decisions are made by consensus. The Board met on key matters of importance to the Company, including the approval of strategic and operating plans, capital expenditure, financial statements by giving due attention to accounting standards and policies, ensuring compliance with legal and ethical standards, ensuring effective risk management and audit systems and addressing matters that have a material effect on the Company.

Name of Director	Attendance at board Meetings			
	29- Nov 2018	14 – Mar -2019	Meetings Attended	Percentage Attended
Executive Directors				
Mr. G L A Ondaatjie*	0	0	0/2	0%
Ms. A M Ondaatjie	✓	✓	2/2	100%
Mr. T J Ondaatjie	✓	✓	2/2	100%
Mr. J D Vaz	0	✓	1/2	50%
Non Executive Independent Directors				
Mr. N.H.V Perera	✓	✓	2/2	100%

Name of Director	Attendance at board Meetings			
	29- Nov 2018	14 – Mar -2019	Meetings Attended	Percentage Attended
Mr. M. Keerthiratne	0	✓	1/2	50%
Mr. M.U.Maniku (Alternate Mr.W.P.Hettiaratchi)	0	0	0/2	0%
Mr.Ajita De Zoyza	✓	✓	2/2	100%
Mr. M J Fernando(Alternate Mr. D C Fernando)	0	0	0/2	0%
Mr. P.S.R.Casie Chitty	✓	✓	2/2	100%
Non Executive Non Independent Directors				
Mr. G G Ondaatjie	✓	0	1/2	50%

* Mr. G.L.A. Ondaatjie Deceased on 04th January 2019

A.1.2 Board Responsibilities - **Compliant**

The Board of Directors of Palms Beach Hotels PLC bears the responsibility for providing strategic direction, achieving objectives, responsible corporate behavior, risk management, utilization of resources responsibly, for ensuring leadership through effective oversight and review, whilst setting the strategic direction and delivering sustainable shareholder value over the long term. The Board seeks to achieve this through setting out its strategy, monitoring its strategic objectives and providing oversight of its implementation by the management team. In establishing and monitoring its strategy, the Board considers the impact of its decisions on wider stakeholders including employees, suppliers and the environment. Effective Corporate Governance is central to the Company's ability to operate successfully, as a Board, we take seriously our responsibility for setting high standards of accountability & ethical behavior. In performing its role, the Board is responsible for,

- Providing the leadership for formulation and implementation of an effective business strategy, by emphasizing on sustainable development in Corporate Strategy, decisions and business activities, whilst ensuring all stakeholder interests are considered in corporate decisions.
- Ensuring that the Managing Director and the Management Team possesses sufficient skills, competencies, experience and knowledge to implement company strategies
- Ensuring that the business practices are in compliance with the laws, regulations and Company's code of ethics.
- Establishment of effective internal controls, risk management and business continuity practices, ensuring that the adoption of appropriate accounting policies and compliance with financial regulations.
- Reviewing, Monitoring and taking corrective action with regard to the achievement of the corporate strategies.

Key decisions are reserved for the Board's approval and are not delegated to management. These include matters relating to the Company's strategy, approval of major acquisitions, disposals, capital expenditure, financial results and overseeing the Company's systems of internal control, governance and risk management. The Board delegates certain responsibilities to the management, to assist it in carrying out its functions of ensuring independent oversight.

A.1.3 Compliance with Laws and access to Professional Advice - **Compliant**

The Board acts in conformity with the laws of the country and the Board and the Audit Committee is tabled a compliance statement on statutory requirements on quarterly basis at the Audit Committee meeting.

The Board of Directors are provided with the opportunity of seeking professional advice at the expense of the Company, whenever it is necessary; with regard to certain technical matters and other business affairs ensuring that the Directors possess sufficient knowledge and experience in making high quality and independent decisions.

Corporate Governance

A.1.4 Company Secretary - **Compliant**

Mercantile Investments & Finance Plc. functions as Secretaries to the Board. They ensure that appropriate Board processes are adopted, Board procedures and applicable rules and regulations adhered to and details and documents are made available to the Directors and Senior Management for effective decision making at the meetings. Further Company Secretary acts as the mediator between Directors, Auditors and Sub-committees of the Board facilitating the communication and information flow among above parties.

A.1.5 Directors' Independence - **Compliant**

The objectivity and independent judgment in all decisions of the Directors are established by ensuring that the Board acts unrestrictedly from undue influence of other parties or circumstances.

Name of Director /Capacity	Significant Shareholding	Management	Material Business Relationship	Employee of the Company	Financially Dependent Family Member is a Director	Nine years of continuous Service
Non Executive Independent Directors						
Mr. N.H.V Perera	No	No	No	No	No	Yes
Mr. M. Keerthiratne	No	No	No	No	No	Yes
Mr.M.U.Maniku (Alternate Mr.W.P.Hettiaratchi)	Yes	No	No	No	No	Yes
Mr.Ajita De Zoyza	No	No	No	No	No	Yes
Mr. M J Fernando (Alternate Mr. D C Fernando)	Yes	No	No	No	No	Yes
Mr. P.S.R.Casie Chitty	No	No	No	No	No	No
Non Executive Non Independent Directors						
Mr. G G Ondaatjie	No	No	No	No	No	Yes

- Shareholding carrying not less than 5% of the voting rights of the Company.
- Persons having authority and responsibility for key management decisions of the entity.
- Relationships that result in income/non-cash benefits equivalent to 10% of director's annual income.
- Close family member or any person who is financially dependent on such director.

Composition of the Board as at 31st March 2019 was as follows.

No. of Members	Executive	Non - Executive	Independent	Non - Independent	Gender Representation		Age Distribution				
					Male	Female	Below 50	51-60	61-70	71-80	Above 81
10	03	07	06	01	9	01	3	2	1	3	1

A.1.6 Adequate time and effort from Directors - **Compliant**

Board of Directors dedicates adequate time and effort to discharge their duties and responsibilities owed to the Company. The Board papers are distributed to the Directors ahead of the meetings, providing the opportunity to call for additional information and clarifications before the meeting.

The Board has delegated the authority of directing the routine operations of the Company to the Joint Managing Director and the Executive Directors of the Company.

A.1.7 Training for Directors - **Compliant**

Existing Directors are encouraged to improve their knowledge base and skills on a continuous basis and the newly appointed Directors are introduced to the Board and the Senior Management after induction sessions conducted on Governance Framework, Company's culture and values, business model and strategy, duties and responsibilities of the Directors, current laws and regulations applicable to the tourism and hotel industry and important matters that were discussed during prior meetings.

Training for Directors are provided via,

- Access to internal and external experts and professionals, on Tax, Legal, Finance, Investments and other important business affairs.
- Detailed periodic reports on the performance of the hotels, its outlets and other activities.
- Updates on contemporary developments in areas such as law, industry best practices and the domestic economy.
- The services of the Company Secretary and other internal departments such as the Legal department.

Principal A.4: Financial Acumen - **Compliant**

The Board of Directors of Royal Palms Beach Hotel comprise of two experienced Senior Accounting Professionals, including a Fellow member of the Institute of Chartered Certified Accountants (ACCA) UK. Hence the Board possesses sufficient financial acumen, knowledge and expertise to provide guidance on matters of finance.

Principal A.5: Board Balance - **Compliant**

The Board comprises of three Executive Directors, six Non-executives Independent Directors and one Non-executives Non Independent Director ensuring that no individual or small Company can dominate the Board's decisions.

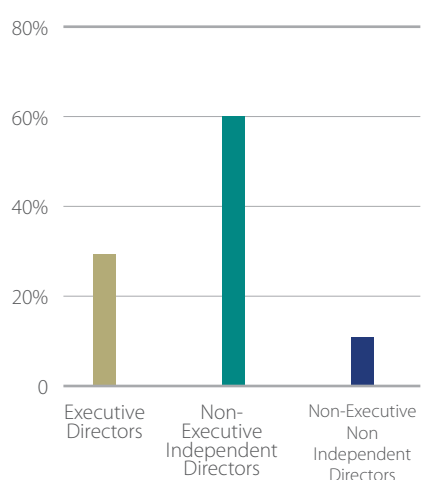
A.5.1: Board Balance - **Compliant**

The present composition of the Board is at a healthy balance between executive expediency and independent judgment. The Board is comprised of experienced and influential individuals with diverse backgrounds and expertise. Their mix of skills and business experience is a major contributor to the proper functioning of the Board and its committees. The Non-executive Directors possess vast experience in business and strong financial acumen, through their membership on external boards, and thereby are able to assess the financial reporting systems and internal controls, review and suggests any changes in keeping with best practice

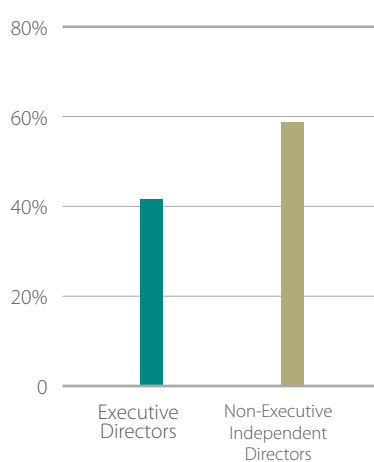
A.5.2 Number of Independent Directors - **Compliant**

The Board comprised of three Executive and seven Non-executive Directors, with Four Non-independent Directors and Six Independent Directors.

The Board 2018/19



The Board 2017/18

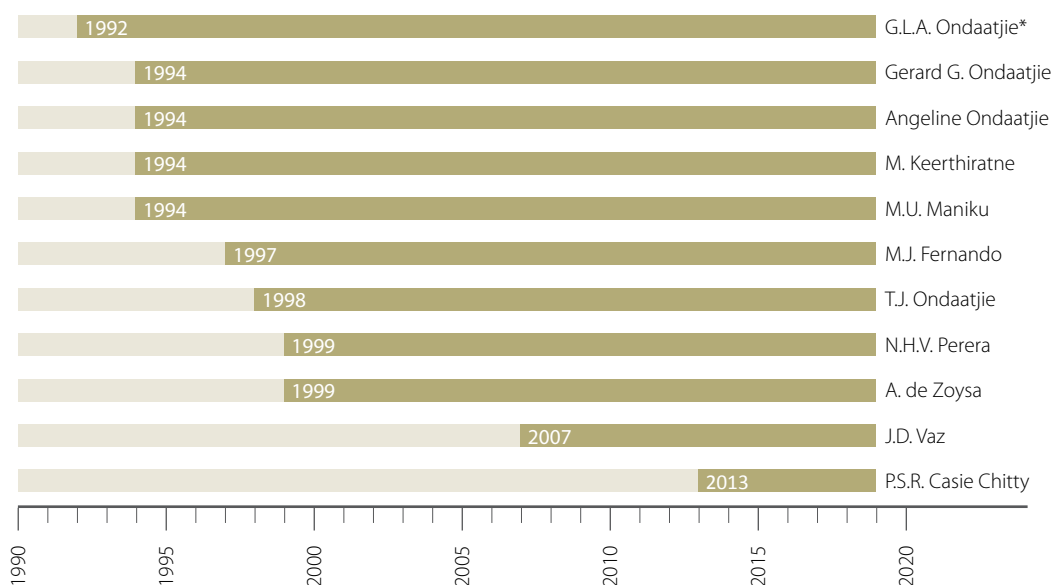


Corporate Governance

A.5.3, A.5.4 & A.5.5 Independence of Non-Executive Directors - **Compliant**

The presence of Non-executive Independent Directors enables independent judgment. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted a declaration confirming their Independence as at 31st March 2019 in accordance with section 07 of the CSE listing regulations on Corporate Governance. The biographical details of the Directors are set out on page xx to xx of this report.

Length of Appointment of Executive & Non-Executive Directors



* Mr. G.L.A. Ondaatjie Deceased on 04th January 2019

A.5.10 Minutes on Directors concerns - **Compliant**

Any concerns of Directors on matters of the Company that cannot be unanimously resolved will be recorded in Board Minutes, as and when such concern arises.

Principal A.6: Supply of Information

A.6.1 & A.6.2 Provision of adequate information on a timely basis to the Board - **Compliant**

The minutes, agenda and the Board papers required for the Board meetings are provided to the Directors at least seven days before the meeting and management is obliged to provide the Board with relevant and timely information for effective decision making. Directors are also provided the opportunity to make enquiries from industry experts and professionals, senior management, auditors, central internal departments and the Company Secretary for further details and information as and when necessary.

Principal A.7: Appointments to the Board - **Compliant**

Royal Palms Beach Hotels PLC has a formal and transparent procedure for the appointment of Directors to the Board.

Principal A.8: Re-election

A.8.1 & A.8.2 Approval from shareholders for election and re-election of Directors - **Compliant**

All Directors including the Chairman over the age of seventy years and the Directors retiring by rotation in terms of the Articles of Association of the Company, submit themselves to be re-elected at the AGM to be held on the xx of September 2019 by the shareholders and the proposals for re-election are specified in Notice of Meeting section on page xxx.

A.10: Disclosure of information in respect of Directors - **Compliant**

Information in respect of Directors is specified in the below sections of this Annual Report, in line with requirements of the Code of Best Practice:

Information	Section	Page number
Name & brief Profile	Board of Directors	xx-xx
Expertise in functional areas	Board of Directors	xx-xx
Material Business Relationships	A.5.3, A.5.4 & A.5.5	xx-xx
Executive, Non-executive & independence	A.1 & A.5	xx-xx
Other directorships	Board of Directors	xx-xx
Attendance at Board meetings	A.9	xx-xx
Sub-committee representation	Audit /Remuneration/Related Party Transactions Committee	xx-xx

Principal A.11: Appraisal of Managing Director (CEO)

A.11.1 & A.11.2 Short, medium and long term objective and evaluation of MD's performance

The Board sets out the short, medium and long term, financial and non-financial objectives at the commencement of each financial year, in consultation with the Managing Director. However the evaluation of the performance of the Managing Director in respect of the achievement of such set targets is yet to be compliant with.

B. DIRECTORS REMUNERATION (03 PRINCIPALS)

Principal B.1: Remuneration Procedure - **Compliant**

B.1.1, B.1.2, B.1.3 & B.1.5 Remuneration Committee, its composition and access to professional advice on determining the remuneration of Executive Directors - Compliant

Royal Palms Beach Hotels PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board.

The Remuneration Committee of the Company consists of Two Non-executive Directors namely:

Mr. N H V Perera - (NED / ID) - Chairman

Mr. P S R Casie Chitty (NED /ID)

The Group Financial Controller assists the committee by providing the relevant information and participating in the analysis and deliberations, in addition to the consultations done by the remuneration committee from the Joint Managing Director, on proposals relating to the remuneration of Executive Directors. Further the remuneration committee is provided the access to professional advice on such proposal whenever it is necessary.

The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors.

The Remuneration Committee met once during the financial year.

Name of Director	Position	Attendance at Remuneration Committee Meeting		
		12 -Feb -2019	Meetings Attended	Percentage Attended
Mr. N H V Perera	Chairman	✓	1/1	100%
Mr. P S R Casie Chitty	Member	✓	1/1	100%

B.1.4 Remuneration of Non-executive Directors - **Compliant**

The Board as a whole determines the remuneration of the Non-executive Directors, including the members of the Remuneration Committee, based on the Articles of Association of the Company.

Corporate Governance

B.2: The level and make up of remuneration - Compliant

B.2.1, B.2.2, B.2.3, & B.2.4 The level and determinants Executive Directors' remuneration - Compliant

The objective of the Remuneration Committee at "Royal Palms" is to determine the optimal level of remuneration, which is sufficient enough to attract, retain and motivate the Executive Directors, by ensuring that the Directors are not remunerated over and above the level that is required.

The Remuneration Committee reviews the remuneration levels of other similar companies, macro-economic factors such as inflation and other industry norms in determining annual salary increments.

However, in order to avoid over remuneration/payment, compared to the services, time and effort rendered by the Directors, the remuneration policy has been incorporated with performance-related elements, which serves as an incentive for the Directors to perform at the highest level as well as to link the rewards to corporate and individual performance.

B.2.5 Executive Share Options - Not Applicable

This section is not applicable to the Company as, there were no share option schemes in effect during the financial period under review.

B.2.6 Remuneration Policy - Compliant

The design of the remuneration scheme, components of Directors' remuneration and the details of the amendments done to the existing remuneration have been set out in the Remuneration Committee Report on page xx.

B.2.7 & B.2.8 Compensation on early termination – Compliant

Compensation paid on early termination of Directors will be determined based on the initial contract/Articles of Association of the company, where the initial contract does not provide directions for compensation commitments.

B.2.9 Levels of remuneration for Non-executive Directors – Compliant

The Non-executive Directors will be paid a fee for attendance at the Board meetings and the Audit Committee meetings. The fee will be determined by the Board on an annual basis.

B.3: Disclosure of Remuneration – Compliant

The aggregate remuneration paid to Directors is disclosed on page xx under the note xx as a part of the financial statements of this report.

C. RELATIONS WITH SHAREHOLDERS (03 PRINCIPALS)

Principal C.1: Constructive use of the AGM and General Meetings – Compliant

Principal C.1.1 – C.1.5 Constructive use of the AGM and General Meetings – Compliant

The Company uses the AGM to effectively communicate and enhance the relationship with shareholders. The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing the voting process at the meeting, and other relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders within the time frame stipulated in the relevant statutes.

Separate resolutions shall be proposed for each substantially separate issue, including a resolution for the adoption of the report and the accounts.

The Chairman of the Audit and Remuneration Committee will be present to clarify and provide explanations for the questions raised by the shareholders.

Principal C.2: Communication with Shareholders

Principal C.2.1 – C.2.7 Communication with Shareholders – Compliant

Mercantile Investments & Finance Plc. functions as Secretaries of the Company, and the shareholders are provided a channel to communicate with the Board/individual Directors effectively via the Company Secretaries.

All matters in relation to shareholders should be communicated to the Company Secretary and in absence; such matter can be referred to the Joint Managing Director.

The Company Secretary shall maintain all correspondence with the shareholders and disseminate timely responses to the shareholders.

Principal C.3: Major and Material Transactions – Compliant

There were no major transactions during the period under review that would materially affect the Company net asset base.

D. ACCOUNTABILITY AND AUDIT (05 PRINCIPALS)

Principal D.1: Financial Reporting

D.1.1 Balanced presentation of Financial Statements – Compliant

The Board is responsible for the preparation of Financial Statements that gives a true and fair assessment of the Company's financial, position, performance and prospects, in accordance with the Companies Act No. 07 of 2007, Sri Lanka Financial Reporting Standards (SLFRS)/Sri Lanka Accounting Standards (LKAS) and listing rules of the Colombo Stock Exchange.

The Board is conscious of its responsibility to the Shareholders, the Government and the Society at large, in which it operates and is unequivocally committed to upholding ethical behavior in conducting its business. The Board, through the Company's Administrative and Finance Divisions, strives to ensure that the businesses of the Company and its subsidiary comply with the laws and regulations of the country.

D.1.2 Annual Report of the Directors – Compliant

The Annual Report of the Board of Directors sets out the,

- Compliance with laws and regulations
- Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007.
- Equitable treatment to shareholders.
- Appropriateness of the going concern assumption.
- Appropriateness of the Company's Internal Control system.

D.1.3 Directors' responsibility for preparation and presentation of Financial Statements – Compliant

The Annual Report of the Directors as well as the Independent Auditors' Report declares the responsibility of the Board for the preparation and presentation of Financial Statements. The Financial Statements of the company were audited by Messrs Ernst and Young, Chartered Accountants.

D.1.4 "Management Discussion and Analysis" – Compliant

The Integrated Management Discussion and Analysis is set out on pages xx to xx.

D.1.5 Going Concern of the business – Compliant

Directors have declared the appropriateness of the using going concern basis with supporting assumptions on page xx of the Annual Report of the Board of Directors section.

Corporate Governance

D.1.6 Serious loss of capital – Not Applicable

This principal is not applicable as the net assets of the Company remained higher than 50% of the value of the Company's shareholders' funds during the period under review.

D.1.7 Disclosure of Related Party Transactions – Compliant

The Related Party Transactions Review Committee, which is a sub-committee of the Board, is responsible for review and disclosure of Related Party Transactions.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee consists of two Non-executive Independent Directors and one Executive Director, namely:

Mr. N H V Perera – Chairman (NID)

Mr. J D Vaz (ED)

Mr. P S R Casie Chitty (NID)

The Group Financial Controller assists the committee by providing the relevant information and participating in the analysis and deliberations.

The objective of the Related Party Transactions Review Committee is to be consistent with the Code of Best Practices on Related Party transactions issued by the Securities & Exchange Commission.

A report of the Related Party Transactions Review Committee is given on page?

The Related Party Transactions Review Committee met four (4) times during the financial year.

Name of Director	Position	Attendance at Related Party Transactions Review Committee Meeting				Meetings Attended	Percentage Attended
		25-May-2018	14-Aug-2018	12-Nov-2018	12-Feb-2019		
Mr. N H V Perera	Chairman	✓	✓	✓	✓	4/4	100%
Mr. J D Vaz	Member	✓	-	✓	-	2/4	50%
Mr. P S R Casie Chitty	Member	✓	✓	✓	✓	4/4	100%

The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007. Further all related party transactions in accordance with Sri Lanka Accounting Standard 24 – (LKAS 24) – Related Party Transactions are disclosed under note No. xx to the Financial Statements.

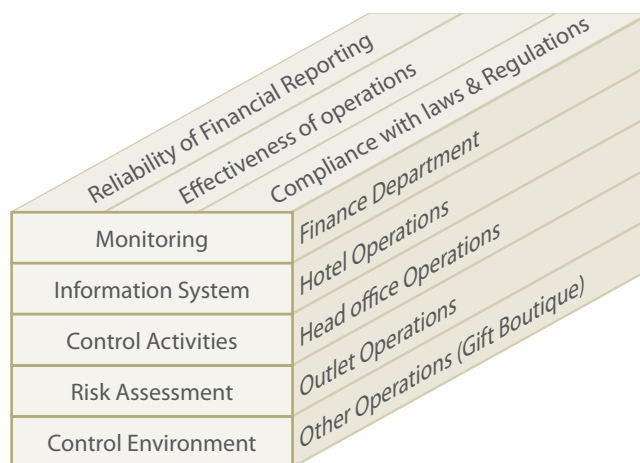
Principal D.2: Internal Controls

D.2.1 Effective System of Internal Controls & Risk Review – Compliant

The Board is responsible for the formulation of appropriate systems of internal controls for the Company and ensuring its effectiveness. The Board acknowledges its responsibilities for the system of internal control to facilitate the identification, assessment and management of risk, the protection of shareholders' investments and the Company's assets. The Directors recognize that they are responsible for providing return to shareholders, which is consistent with the responsible assessment and mitigation of risk.

The Board is aware that any internal control systems contains inherent limitations and no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human errors, loss, frauds or other irregularities. Therefore, the Board takes appropriate action to minimize such situations.

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Company which has been in place during the financial year and up to the date of approval of the Annual Report and Accounts. The Board regularly reviews this process. Internal Control process of the Company can be demonstrated in detail as below,



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

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

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

Control Environment	Risk Assessment	Control Activities	Information System	Monitoring & Review
Management, with the oversight of the Board, has created and maintained a "culture of honesty" and promotes ethical behavior, which provides the foundation for the other components of the Internal Control system.	Company regularly assesses the risk associated with the business and a detailed explanation of the risk assessment has been provided under the Risk Management section of this report on page xx to xx.	Control Activities consists of the set of Internal Controls designed and implemented by the Company to manage risk associated with the business, including <ul style="list-style-type: none"> ▪ Segregation of duties ▪ Authorizations ▪ Performance review ▪ IT general controls and application controls ▪ Other physical controls 	Information System consist of the infrastructure, software, people, procedures and data that facilitates financial reporting and other hotel operations such as front office reservation system.	This aspect of the Internal Control system involves in evaluating whether the Internal Controls which have been designed and implemented are operating effectively, taking corrective action whenever there are inefficiencies and ensuring that the Internal Control system is sound and effective to minimize the risks faced by the Company.

Corporate Governance

Departments / Business Units

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

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

D.2.2 & D.2.3 Internal Audit Function & Audit Committee review of Internal Control System – Compliant

The Audit Committee oversees the Internal Audit Function of the Company by agreeing on an annual work plan, reviewing its performance and ensuring that the internal audit function has sufficient and appropriate resources to perform their duties effectively and efficiently in maintenance of a sound risk management process and internal control system.

D.2.4 Responsibilities of the Directors in maintaining a sound system of Internal Controls – Compliant

The "Statement of Directors Responsibility" on page xx provides the declaration made by Directors accepting the responsibility to ensure that the Company is equipped with a sound system of internal controls.

Principal D.3: Audit Committee

D.3.1, D.3.2 & D.3.3 Composition and the Duties of the Audit Committee – Compliant

The Audit Committee comprises of Independent Non-executive Director and a Consultant (Chartered Accountant).

The members of the Audit Committee are as follows:

Mr. N H V Perera - Chairman

Mr. P S R Casie Chitty

As prescribed in the listing rules of the Colombo Stock Exchange one member of the Audit Committee is member of a professional accounting body. Mr. P S R Casie Chitty is a fellow member of the Association of Chartered Certified Accountants of (ACCA) UK. The External Auditors, the General Manager and Group Financial Controller attend the Audit Committee meetings by invitation.

The Audit committee focuses principally in assisting the Board to fulfill its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function. The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. The committee is responsible for the consideration and recommendation of External Auditors. A report of the Audit Committee is given on pages xx

The Audit Committee met four (4) times during the year, holding one meeting per quarter according to a predetermined agenda.

Name of Member	Position	Attendance at Audit Committee Meetings				Meetings Attended	Percentage Attended
		25-May-2018	14-Aug-2018	12-Nov-2018	12-Feb-2019		
Mr. N H V Perera	Chairman	✓	✓	✓	✓	4/4	100%
Mr. P S R Casie Chitty	Member	✓	✓	✓	✓	4/4	100%

D.3.4 Disclosure of the names of the Audit Committee and the Audit Committee Report – Compliant

The names of Directors in the Audit Committee are disclosed in the D.3.1 section and the manner of compliance with the Code of Best Practice by the Company is set out in the Audit Committee Report on page xx of the annual report.

Principal D.4: Code of Business Conduct & Ethics

D.4.1 & D.4.2 Adoption of Code of Business Conduct & Ethics and Chairman's affirmation –

Adoption of a Code of Business Conduct and Ethics for Directors and members of senior management team is yet to be complied by the Company.

Principal D.5: Corporate Governance Disclosure – Compliant

The Corporate Governance section of the annual report from page xx to xx sets out the manner and extent to which the company has adopted the principals and provisions of the Code of Best Practice on Corporate Governance.

The Company ensures that all shareholder rights are properly observed. Permanent procedures are carried out in line with the rules and regulations of the Colombo Stock Exchange, as well as the related laws.

The Company is committed to create long-term growth and returns to the shareholders and to conduct its business in a transparent manner.

E. INSTITUTIONAL INVESTORS

Principal E.1: Shareholder voting

E.1.1 Structured dialogue with shareholders – Compliant

A regular and structured dialogue shall be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman.

Principal E.2: Evaluation of governance disclosures by institutional investors – Compliant

Institutional investors are being encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition.

F. OTHER INVESTORS

Principal F.1: Investing/Divesting Decision – Compliant

Individual shareholders are encouraged to carry out adequate analysis and seek professional advice when making their investment / divestment decisions.

Principal F.2: Shareholder Voting – Compliant

Individual shareholders are encouraged to participate and exercise their voting rights.

G. SUSTAINABILITY REPORTING

Principal G.1: Principals of Sustainability Reporting

G.1.1 Economic Sustainability – Compliant

Set out on pages xx and xx of the 'Integrated Management Discussion & Analysis'.

G.1.2 The Environment – Compliant

Set out on pages xx and xx of the 'Integrated Management Discussion & Analysis'.

G.1.3 Labour Practice – Compliant

Set out on pages xx and xx of the 'Integrated Management Discussion & Analysis'.

G.1.4 Society – Compliant

Set out on pages xx and xx of the 'Integrated Management Discussion & Analysis'.

G.1.5 Product Responsibility – Compliant

Set out on pages xx and xx of the 'Integrated Management Discussion & Analysis'.

Corporate Governance

G.1.6 Stakeholder identification, engagement and effective communication – Compliant

Set out on pages xx and xx of the 'Integrated Management Discussion & Analysis'.

G.1.1 Sustainability Reporting – Compliant

Set out on pages xx and xx of the 'Integrated Management Discussion & Analysis'.

Levels of compliance with the CSE's New Listing Rules- Section 7.10, Rules on Corporate Governance are given in the following table.

Reference to SEC & ICASL Code CSE Listing Rules No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10.1 (a)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non-Executive Directors	Compliant	Corporate Governance
7.10.2 (a)	Independent Directors	Two or one third of Non- Executive Directors, whichever is higher should be Independent	Compliant	Corporate Governance
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/non independence in the prescribed format	Compliant	Available with the Secretaries for review
7.10.3 (a)	Disclosure relating to Directors	<ul style="list-style-type: none"> ▪ The Board shall annually make a determination as to the independence or otherwise of the Non-Executive Directors ▪ Names of Independent Directors should be disclosed in the Annual Report 	Compliant	Corporate Governance Corporate Governance / Board of Directors' - Profile
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board to determine a Director is independent, if criteria specified for independence is not met.	Compliant	Corporate Governance
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the areas of Expertise	Compliant	Board of Directors' - Profile
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (a),(b) and (c) to the Exchange	Not Applicable	No new Directors were appointed during the period
7.10.4 (a-h)	Determination of Independence	Requirements of meeting criteria	Compliant	Corporate Governance
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Corporate Governance
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of Non-Executive Directors, a majority of whom will be independent	Compliant	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Executive Directors	Compliant	Corporate Governance
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	<ul style="list-style-type: none"> ▪ Names of Directors comprising the Remuneration Committee ▪ Statement of Remuneration Policy ▪ Aggregated Remuneration paid to Directors 	Compliant	Corporate Governance Corporate Governance Notes to the Financial Statements
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant	Corporate Governance and The Audit Committee Report

Reference to SEC & ICASL Code CSE Listing Rules No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10.6 (a)	Composition of Audit Committee	<ul style="list-style-type: none"> Shall comprise of Non- Executive Directors a majority of whom will be independent 	Compliant	Corporate Governance And The Audit Committee Report
		<ul style="list-style-type: none"> A Non-Executive Director shall be appointed as the Chairman of the Committee 	Compliant	Corporate Governance And The Audit Committee Report
		<ul style="list-style-type: none"> CEO (Managing Director) & Chief Financial Officer shall attend Audit Committee Meetings 	Compliant	Corporate Governance And The Audit Committee Report
		<ul style="list-style-type: none"> The Chairman of the Audit Committee or one member should be a member of a professional accounting body 	Compliant	Corporate Governance And The Audit Committee Report
7.10.6(b)	Audit Committee Functions	<p>Functions shall include: Overseeing of the -</p> <ul style="list-style-type: none"> Preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Financial Reporting Standards 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 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 Auditors 	Compliant	Corporate Governance and The Audit Committee Report
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	<ul style="list-style-type: none"> Names of Directors comprising the Audit Committee 	Compliant	Corporate Governance and The Audit Committee Report
		<ul style="list-style-type: none"> The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination 	Compliant	Corporate Governance and The Audit Committee Report
		<ul style="list-style-type: none"> The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions 	Compliant	Corporate Governance and The Audit Committee Report
D 1.7	Related party Transactions	Disclosure of Related Party Transactions	Compliant	Notes to the Financial Statements

RISK MANAGEMENT

Risk management is the process of identifying, quantifying, and managing the risks that an organisation faces. As the outcomes of business activities are uncertain, they are said to have some element of risk.

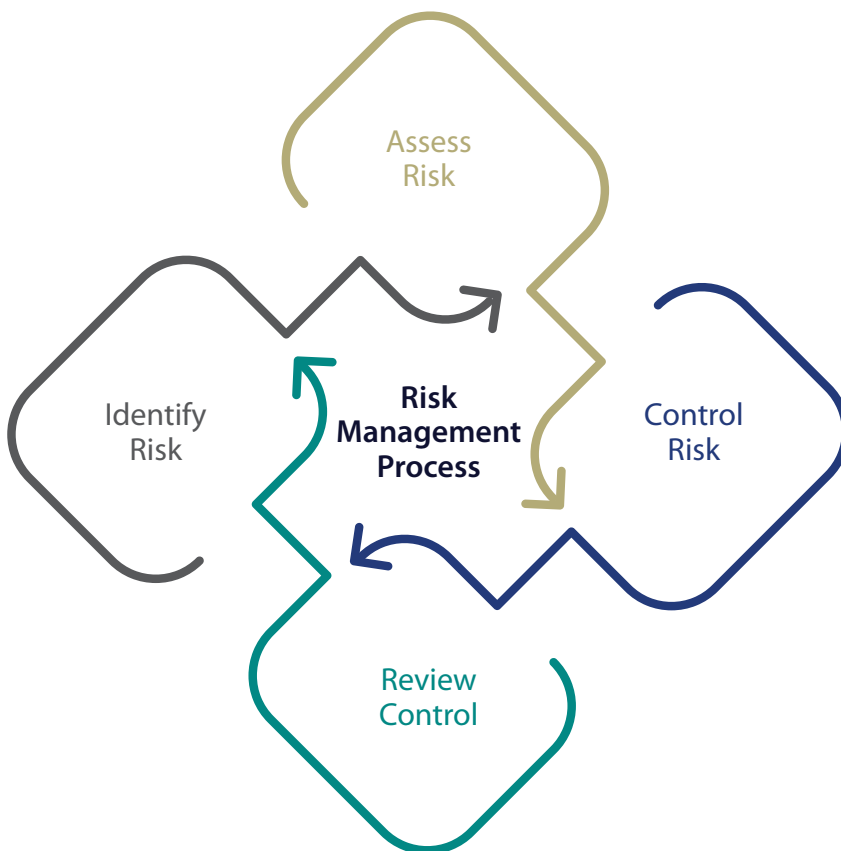
It is important that they properly understand and manage the risks that they are willing to accept in the context of the overall corporate strategy.

Royal Palms Beach Hotels PLC effectively manage both risk and reward. The hotel believes that in order to ensure reward, risk needs to be managed effectively. The risk framework involves risk identification, risk assessment and risk mitigation.

Risk is the probability of an undesirable outcome occurring due to a chosen activity or action.

The process of identifying potential risks and developing strategies to mitigate those risks is known as Risk Management.

The benefit of identifying, managing and mitigating risks is immense for the diverse hospitality industry in which Royal Palms Beach Hotel operates.



Listed below are some of the risks and risk mitigation strategies used by Royal Palms Beach Hotels PLC:

Business Risk results from the adverse impact on the Company's revenue and profitability. If business risk is not effectively managed, the revenues and cash flows will reduce. As a result, Royal Palms Beach Hotel may not be able to achieve its business objectives and grow as it will lose its competitiveness within the industry.

Control Measures

- Royal Palms Beach Hotel manages its business risk by strategizing on increasing its market share and constantly seeking to tap emerging markets. The Company boasts of an impressive foreign clientele consisting of Russian, Ukraine, Germany and UK clients apart from its local market.
- The business also utilizes the aid of various booking engines such as Agoda.com and Booking.com to increase its revenue and market position worldwide.
- Internal measures are taken by the Company as well to constantly review and streamline its costs and expenditure. This internal exercise helps the Company to revise rates and increase profitability while maintaining its competitive position.

Economic Risk emerges from changes in economic variables such as inflation rates and interest rates which may distort the Company's growth as a result. Higher inflation rates may cause costs to increase and lower profitability for the Company. On the other hand, an increase in interest rates may increase finance costs and result in inability to repay debt.

Control Measures

- Royal Palms Beach Hotel exercises regular cost reviews and places strict

cost controls while maintaining quality concurrently. Maintaining high quality and improving its impressive brand image enables the hotel to maintain its rates in a competent manner enabling any adverse effects of inflation to even out.

- Though higher interest rates are detrimental to the finance costs payable by the Company, Royal Palms Beach Hotel uses these increased rates to invest its excess funds. Thus, the Company benefits from matching payments against receipts.
- The hotel is cautious in investing its funds or entering into loans and takes into account both reliability and the most beneficial rates. The hotel manages to do this effectively using the strength of its associate company Mercantile Investments and Finance PLC.

Foreign Exchange Risk disrupts revenue due to exposure to fluctuations in foreign currency. Royal Palms Beach Hotel deals with a wide foreign clientele. Volatility in foreign exchange rates can cause a fall in revenue for the Company when translating its foreign currency payments to rupees.

Control Measures

- The hotel seeks to denominate most of its foreign sales contracts in the stable US Dollar & Euro which are considered safe currencies. The recent hike in the US Dollar due to the devaluation of the rupee was immensely beneficial with regard to foreign currency receipts.
- The Company is also able to monitor Foreign Exchange movements through its head office treasury function. The treasury function enables the Company to review and convert foreign currency at the best rates and thereby maximize gains.

Natural Disaster Risk is the damage any natural hazards could cause to the business. Several examples of natural disasters that could affect the hotel include fire, tsunami and floods.

Control Measures

- The Company has taken numerous measures to transfer the risk to third parties in the form of insurance policies. These insurance policies cover the risk of the Company's assets being damaged due to natural hazards.
- The hotel has invested in physical security and contingency measures in the hotel premises such as emergency exits, fire hoses, fire extinguishers and fire alarms to safeguard the assets of the company.

Legal & Statutory Risk is borne through litigation by the Government, customers and business partners as a result of the Company being unable to comply with legal and statutory requirements. This could result in losses arising from non-compliance with statutes and flawed contracts.

Control Measures

- The Company obtains assistance from the centralized legal division in all legal proceedings. The division provides guidance, direction and advice to the hotel upon entering business contracts and signing agreements. Hence, the hotel is safeguarded from incurring unexpected losses as a result
- Statutory compliance is given high priority and is regularly monitored and reviewed by the management. The quarterly internal audit program scopes in statutory compliance. A compliance certification is handed over to the Audit Committee for review by the management.

Operational Risk results through slack in internal controls, inefficient business processes, fraud, undue care and system breakdowns. The Company would face several implications in the form of disrupted operations, losses and ineffective use of resources.

Control Measures

- The hotel has laid down clear systems and procedures with regard to ensuring compliance with its internal controls. The hotel uses a formal process where internal auditors are appointed to help detect the above mentioned operational risks by means of quarterly internal audits.
- The auditors review the processes for its efficiency and effectiveness. More stringent internal controls are placed if deemed necessary. This process promotes transparency and minimizes the risks associated with the Company operations.
- Further, there are CCTV cameras attached to key locations in the hotel premises to detect fraud and negligence.

Health and Safety Risk is caused by unhealthy and dangerous work practices. This could be of two fold, health and safety of customers and health and safety of the workers in the Company.

Control Measures

- The Company does constant maintenance to its chillers, elevators and the other assets it owns to ensure safe use. The hotel also carries out constant refurbishment of its premises to ensure safety for both its customers and workers.
- The hotel has taken contingency measures and have ensured the availability of emergency exits and safety warnings.

Risk Management

Competition Risk results through strong competitive actions from new entrants and existing players in the market. The risk of competition involves the threat of new entrants as well.

Control Measures

- Royal Palms Beach Hotels PLC places significant emphasis on maintaining its competitive position in the market. The excellent brand quality, unique interior and superlative service by the staff remain exclusive to the hotel, hence giving Royal Palms Beach a competitive edge over new and existing players in the market.
- To take further advantage of its attractive brand, Royal Palms enhances its brand standard through regular refurbishment of the hotel property and upgrading of the facilities being offered. This helps the hotel to remain consumer focused and blend in innovative changes to suit the various tastes of its guests and make their visits memorable and repeated.
- Another measure the Hotel takes to maintain its competitive position is through support from its associate travel arm Tangerine Tours (Pvt) Ltd. Besides this, long term affable relationships with other major tour operators are maintained to ensure successful business relationships. The hotel also maintains constant monitoring of its main competitors in the market as this enables them to respond faster to competitive strategies.

SWOT ANALYSIS

<div data-bbox="146 409 446 705"> </div> <div data-bbox="228 757 368 887"> </div> <div data-bbox="218 891 376 934"> <p>Strengths</p> </div> <div data-bbox="167 967 419 1303"> <ul style="list-style-type: none"> ▪ Product ▪ Banquets ▪ Garden ▪ Swimming pool ▪ Close to Colombo and on the Beach ▪ Food ▪ Dining options ▪ Staff </div>	<div data-bbox="478 409 778 705"> </div> <div data-bbox="552 770 703 873"> </div> <div data-bbox="528 891 729 931"> <p>Weaknesses</p> </div> <div data-bbox="497 967 745 1225"> <ul style="list-style-type: none"> ▪ Lack of skilled staff ▪ Attracting female staff ▪ Facilities for differently able guest ▪ Railway lines ▪ Staff Accommodation ▪ Brand awareness </div>	<div data-bbox="810 409 1110 705"> </div> <div data-bbox="865 792 1053 853"> </div> <div data-bbox="845 891 1074 934"> <p>Opportunities</p> </div> <div data-bbox="829 967 1098 1431"> <ul style="list-style-type: none"> ▪ Training & Development ▪ SOP's (Minimum service standards) ▪ Restructuring ▪ Job description ▪ Employee performance evaluation ▪ Empowerment ▪ Two products in the premises ▪ Attracting wedding MICE market Promoting excursion </div>	<div data-bbox="1142 409 1442 705"> </div> <div data-bbox="1228 770 1353 873"> </div> <div data-bbox="1225 891 1361 931"> <p>Threats</p> </div> <div data-bbox="1160 967 1434 1225"> <ul style="list-style-type: none"> ▪ Sea erosion ▪ Harassments to guests ▪ Retaining of skilled staff ▪ Increasing number of hotels ▪ Informal sector ▪ Competition/Trends </div>
---	--	--	---

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in submitting their report, together with the Audited Accounts for the financial year ended 31st March 2019.

REVIEW OF THE YEAR

The Chairman's Report on page contains a review of the operations during the financial year.

PRINCIPAL ACTIVITY

The principal activity of the Company, which is hotelliery, remained unchanged.

CORPORATE GOVERNANCE

The Board of Directors of the Company is responsible for the governance of the company, which include setting out strategic aims, providing leadership and supervising the management. The corporate governance practices of the Company are given on Page

TURNOVER

The net turnover for the year was Rs. 754,839,821/- (2017/18 Rs.656,686,102/-)

PROFIT & LOSS ACCOUNT

	31.03.2019	31.03.2018
Net profit for the year amounts to	162,991,069	133,334,899
Less: Provision for Taxation	(36,067,327)	(45,561,957)
Net Profit/(Loss) for the year	126,923,742	87,772,942
Unappropriated profit brought forward	736,090,316	691,284,484
Dividend Paid	(50,000,000)	(40,000,000)
Allowance for Trade Debtors	(1,661,529)	-
Deferred tax impact on transition adjusment	232,614	-
Actuarial Gain/(Loss)	586,855	(3,450,128)
Income tax effect on Actuarial Gain / (Loss)	(82,160)	483,018
Profit Available for Appropriation	812,089,838	736,090,316

DIVIDENDS

The Directors approved a first and final dividend of Rs.1.00 per share for the ordinary shareholders for the financial year 2018/19.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs.55,026,276/- (2018 Rs.43,765,444/-) details of which are given in note 10 to the financial statements

PROPERTY PLANT & EQUIPMENT

The details of property, plant & equipment of the Company are shown in note 10 to the financial statements.

RESERVES

The movements during the year of Capital and Revenue Reserves are shown in the statement of changes in equity on page

DONATIONS

During the year donations amounting to Rs. 466,961/- (2018 – Rs.72,670/-) were made to various charities by the Company.

POST BALANCE SHEET EVENTS

No Circumstances have arisen since the Balance Sheet date, which would require adjustment to or disclosure in the Accounts.

DIRECTORS

The names of the Directors are shown on page

In terms of Section 88(i) of the Articles of Association, Mr. N H V Perera retires by rotation and being eligible offers himself for re-election.

Special notice has been given of the intention to propose ordinary resolutions as set out in the notice of meeting to re-elect Mr. M J Fernando, Mr. M Keerthiratne, Mr. A de Zoysa and Mr. M U Maniku as Directors of the company in terms of Section 211 of the Companies Act No. 07 of 2007.

BOARD COMMITTEES

The following members of the Board serve on the Audit Committee.

Mr. N H V Perera
Mr. P S R Casie Chitty

The report of the audit committee is given on page..... of this report

The following members of the Board serve on the Remuneration Committee.

Mr. N H V Perera
Mr. P S R Casie Chitty

The following members of the Board serve on the Related Party Transactions Review Committee

Mr. N H V Perera
Mr. P S R Casie Chitty
Mr. J D Vaz

DIRECTORS' INTERESTS REGISTER

The Company maintains an Interest Register in compliance with the Companies Act No.07 of 2007.

DIRECTORS INTEREST IN CONTRACTS

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.07 of 2007. The related party disclosures and the Directors of each of those related parties are given on page

DIRECTORS REMUNERATION

The aggregate emoluments paid to the Directors during year, amounted to Rs.501,000/-.

DIRECTORS SHAREHOLDINGS

As at 31st March	2019	2018
Ms. A M Ondaatjie	212,500	212,500
Mr. G G Ondaatjie	167,500	167,500
Mr. T J Ondaatjie	500,000	500,000
Mr. M Keerthiratne	220,000	220,000
Mr. M U Maniku	2,552,823	2,552,823
Mr. M J Fernando	3,649,403	3,649,403
Mr. A de Zoysa	625	625
Mr. N H V Perera	265,795	265,795
Mr. J D Vaz	33	33
Mr. P S R Casie Chitty	-	-

Ms. A M Ondaatjie serves as Chairperson and Managing Director of the Company.

PUBLIC HOLDING

The number of Ordinary Shares held by the public as at 31st March 2019 was 7,049,175 shares (2018- 6,731,215), which amounted to 14.10% (2018-13.46%) of the issued ordinary shares of the Company.

The number of public shareholders as at 31st March 2019 - 1,550

Float adjusted Market Capitalisation as at 31st March 2019 - Rs. 113,505,000.00

The Company is compliant with the minimum public holding requirement under option 2 of 7.13.1(b)

Number of shares representing the Stated Capital is 50,000,000

AUDITORS

Messrs. Ernst & Young Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No.7 of 2007 as the Auditors of the Company. A resolution proposing the Directors be authorized to determine the remuneration of the Auditors will be submitted to the Annual General Meeting.

The Auditors Messrs. Ernst & Young were paid Rs.462,200/- as audit fees by the Company.

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

For and behalf of the Board

A.M. Ondaatjie
Chairperson/Managing Director

T.J. Ondaatjie
Director

Mercantile Investments and Finance PLC
Secretaries

16 August 2019

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page ...

As per the provisions of the Companies Act No 7 of 2007 the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results of its operations for the financial year.

The Directors consider that, in preparing these Financial Statements set out through page ... to ... appropriate Accounting Policies have been selected and applied in a consistent manner, supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements. Further, the 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 to ensure that the Financial Statements presented comply with the Companies Act No. 7 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

The Directors are confident that they have discharged their responsibilities as set out in the statement. The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company as at the Reporting date have been paid or where relevant, provided for.

By Order of the Board

(Sgd.)

Mercantile Investments & Finance PLC

Secretaries

Colombo

16 August 2019



Indulgence



FINANCIAL CALENDAR

Interim Reporting

1st Quarter	14th August 2018
2nd Quarter	12th November 2018
3rd Quarter	12th February 2019
4th Quarter	24th May 2019

Annual Reports

2018/2019	16th August 2019
2017/2018	24th August 2019

Meetings

27th Annual General Meeting	25th September 2019
26th Annual General Meeting	28th September 2018

FINANCIAL REPORT

AUDIT COMMITTEE REPORT

FUNCTIONS

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its overall responsibilities. The Audit Committee functions include the review of Financial Statements, internal control procedures, compliance with accounting standards and statutory compliance. The Audit Committee assists the Board of Directors in discharging their duties. Where necessary the Audit Committee makes suggestions and recommendations to the Board in areas within its purview.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee consists of two Non-Executive Independent Directors namely Mr. Hasantha Perera and Mr. P.S.R. Casie Chitty.

MEETINGS

The Audit Committee held 04 meetings during the year under review. The Statutory Auditors, the Group Financial Controller, Finance Controller, Chief Accountant and the General Manager also attend these meetings on invitation.

Name of Member	Position	Attendance at Audit Committee Meetings				Meetings Attended	Percentage Attended
		25-May -2018	14-Aug- 2018	12-Nov - 2018	12-Feb-2019		
Mr. N H V Perera	Chairman	✓	✓	✓	✓	4/4	100%
Mr. P S R Casie Chitty	Member	✓	✓	✓	✓	4/4	100%

INTERNAL AUDIT FUNCTION

The Committee reviews the internal audit reports to ensure that the Company's systems and procedures are effective and that the internal controls provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation. The Internal Audit function has been outsourced to Messrs. SJMS Associates Chartered Accountants. Generally, the audits are carried out on a quarterly basis. Based on the audit findings and recommendations of the Internal Auditors, the Audit Committee after discussing with the management recommends the implementation of those recommendations that are considered to be practical and necessary.

FINANCIAL STATEMENTS

The Audit Committee assists the Board in assuring the integrity of the Financial Statements and disclosures. The Committee discusses matters relating to the Financial Statements with the External Auditors before recommending to the Board the adoption of the Financial Statements.

EXTERNAL AUDITORS

The Audit Committee has determined that Messrs Ernst & Young, Auditors are independent on the basis that they do not carry out any management related functions of the Company. The Audit Committee has recommended the Board of Directors the re-appointment of Messrs Ernst & Young (Chartered Accountants), for the financial year ending 31st March 2020, subject to the approval of the shareholders at the Annual General Meeting.

N H V Perera

Chairman -Audit Committee

16 August 2019

REMUNERATION COMMITTEE REPORT

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two Non-executives independent Directors N.H.V. Perera, and P.S.R. Casie Chitty. The Committee is chaired by Mr N.H.V Perera. The Committee met once during the financial year. The Group Financial Controller assists the committee by providing relevant information required by the committee.

REMUNERATION POLICY

Remuneration policies and practices are designed to support strategy and promote long-term sustainable success of the Company;

- Executive remuneration is aligned to the Company's purpose and values, and is clearly linked to the successful delivery of the Company's long-term strategy;
- Determine the remuneration of senior management.
- Executive EPF & ETF contributions are in line with those available to the rest of the workforce; and provide enhanced reporting in the Company's annual report and accounts.

In reviewing the remuneration, account is taken of market conditions, significant changes in role, pay and conditions elsewhere, inflation and budgets.

Remuneration is a key component of the reward package in attracting, motivating and retaining executives who are instrumental in driving and growing the business and delivering the Company's strategic goals.

N.H.V. Perera

Chairman

Remuneration Committee

16 August 2019

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Royal Palms Beach Hotels PLC established the Related Party Transactions Review Committee (RPTRC) and as at the end of the financial year. The RPTRC comprised of the following Directors of the Hotel:

Mr. N H V Perera
Mr. P S R Casie Chitty
Mr. J D Vaz

The RPTRC was formed by the Board to assist the Board in reviewing all related party transactions carried out by the Royal Palms Beach Hotels PLC by adopting of the Code of Best Practice on Related Party Transactions as issued by the Securities and Exchange Commission of Sri Lanka (SEC).

THE MANDATE OF THE COMMITTEE INCLUDES:

(1) The Purpose:

The Committee is an entity under the Board of Directors, and was established to enhance corporate transparency and promote fair transactions. The committee is responsible for reviewing related party transactions.

(2) Composition:

The Related Party Transactions Committee shall comprise of two Non-executive Independent Directors and one Executive Director. Currently, the committee consists of three Directors. The head of the committee is Mr. N.H.V.Perera - Independent Director.

(3) Responsibilities:

- To seek and receive reports on Related Party Transactions between the Company and its affiliates.
- To review related Party Transactions.
- To recommend corrective measures.

(4) Meetings:

The Related Party Transactions Committee held four meetings during the last financial year ending 31st March 2019. The committee reviewed the related party transactions on quarterly basis.

Name of Director	Position	Attendance at Related Party Transactions Review Committee Meeting				Meetings Attended	Percentage Attended
		25-May -2018	14-Aug- 2018	12-Nov - 2018	12-Feb-2019		
Mr. N H V Perera	Chairman	✓	✓	✓	✓	4/4	100%
Mr.J D Vaz	Member	✓	-	✓	-	2/4	50%
Mr. P S R Casie Chitty	Member	✓	✓	✓	✓	4/4	100%

Mr. N H V Perera
Chairman
Related Party Transactions Review Committee

16 August 2019

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ROYAL PALMS BEACH HOTELS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Royal Palms Beach Hotels PLC ("the Company"), which comprise the statement of financial position as at 31 March 2019, 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 gives a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of freehold land and buildings</p> <p>As at 31 March 2019 the company carried free hold land and building at fair value amounting to Rs. 1,930,900,000/- which represents 67% of the total assets of the company and Revaluation reserve of Rs. 1,130,327,353/- as further disclosed in note 18 to the Financial statements.</p> <p>Fair value was determined by an external valuer engaged by the Company. The valuation is subjective to the significant judgment and estimates used by the valuer, which are disclosed in Note 10.4 and 27.4 to the Financial Statements.</p> <p>Due to the magnitude of these assets relative to the total assets (67%), and the significance of estimates and judgements associated with the valuation, this was considered as a key audit Matter.</p>	<p>Our audit procedures focused on the valuation performed by the external valuer, which included the following among others.</p> <ul style="list-style-type: none"> ▪ We understood and evaluated the process & procedures adopted by the Management in ascertaining the fair value. ▪ We engaged our internal specialized resources to assist us in evaluating the appropriateness of the method used and assessing the reasonableness of the range of values per perch & per square feet, in comparison to available market data. ▪ In addition, we evaluated the overall appropriateness of the related financial statement disclosures in note no 10.4, 18 and 27.4
<p>Revenue Recognition</p> <p>Revenue represents the company's gross inflow of economic benefits in terms of cash, receivables or other assets arising from the operating activities.</p> <p>The total revenue for the 2018/19 year amounted to Rs 755 Mn. Based on the business model the company has large volumes of sales from multiple revenue streams which include room sales, food and beverage sales as well as other hotel related revenue and is routed through travel agents, free individual travelers and online platforms.</p> <p>Such streams carry different pricing schemes and terms and conditions that would require details analysis regarding the timing of revenue recognition as well as analysis of gross/net revenue analysis.</p> <p>Considering these facts revenue recognition has been identified as a Key Audit Matter</p>	<p>Our audit procedures focused on the appropriateness of the Company's revenue recognition, and included the following procedures:</p> <ul style="list-style-type: none"> ▪ Testing the design and operating effectiveness of critical controls over revenue recognition, including reviewing agreements with travel agents. ▪ Reviewing the revenue recognition policy applied by the Company to ensure its compliance with Sri Lanka Accounting Standards. ▪ Performing substantive analytical procedure on monthly disaggregated revenue to assess the reasonability of revenue recognized. ▪ Performing test of details throughout the audit period by vouching a sample of invoices. ▪ Performing cut-off testing procedures (by selecting a sample of transactions either side of year-end) to check that revenue had been recognized in the appropriate accounting period. ▪ Performing journal entry testing procedures and investigating any manual sales entries which were not recorded in the course of month-end closing procedures.

Independent Auditor's Report

Other information included in the 2019 Annual Report of the company

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1884.

Xx xx 2019
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019	Note	2019 Rs.	2018 Rs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	10	2,179,749,094	1,999,612,214
Intangible Assets	11	1,115,484	507,954
Investment	15.1	18,000,000	18,000,000
		2,198,864,578	2,018,120,168
Current Assets			
Inventories	12	16,637,048	17,241,408
Trade and Other Receivables	13	158,204,968	149,511,377
Other Non Financial Assets	14	9,480,337	12,830,716
Amounts Due from Related Parties- Other Financial Assets	15.3	2,101,381	-
Short Term Investments - Other Financial Assets	15.2	286,949,063	194,170,533
Cash and Bank Balances	16	195,604,246	177,992,639
		668,977,043	551,746,673
Total Assets		2,867,841,621	2,569,866,841
EQUITY AND LIABILITIES			
Capital and Reserve			
Stated Capital	17	521,583,448	521,583,448
Revaluation Reserve	18	1,130,327,353	962,801,685
Retained Earnings		812,089,838	736,090,316
Total Equity		2,464,000,639	2,220,475,449
Non-Current Liabilities			
Deferred Tax Liabilities	9.2	262,962,195	228,539,074
Post Employment Benefit Liability	21	36,320,912	31,842,923
		299,283,107	260,381,997
Current Liabilities			
Trade and Other Payables	19	73,573,175	69,500,916
Income Tax Payable		3,133,002	682,732
Amounts Due to Related Parties	20	5,242,411	6,442,515
Interest Bearing Loans and Borrowings	22	22,609,287	12,383,232
		104,557,875	89,009,395
Total Equity and Liabilities		2,867,841,621	2,569,866,841

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

M.I. Shahabdeen

Group Financial Controller

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

A.M. Ondaatjie

Chair Person / Managing Director

T.J. Ondaatjie

Director

The Accounting Policies and Notes on pages 08 through 31 form an integral part of the Financial Statements.

16 August 2019
Colombo

INCOME STATEMENT

Year ended 31 March 2019		2019	2018
	Note	Rs.	Rs.
Revenue	3	754,839,821	656,686,102
Cost of Sales		(259,258,894)	(226,244,855)
Gross Profit		495,580,927	430,441,247
Other Income	4	3,524,198	23,803,330
Selling and Distribution Costs		(24,524,547)	(22,560,554)
Administrative Expenses		(336,856,192)	(317,733,355)
Other Expenses		(5,763,836)	(4,627,171)
Finance Income	7.1	31,057,236	24,134,832
Finance Cost	7.2	(26,717)	(123,429)
Profit Before Taxation	5	162,991,069	133,334,899
Income Tax Expense	9	(36,067,327)	(45,561,957)
Profit for the Year		126,923,742	87,772,942
Earnings Per Share - Basic	8	2.54	1.76

The Accounting Policies and Notes on pages 08 through 31 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019	Note	2019 Rs.	2018 Rs.
Profit for the Year		126,923,742	87,772,942
Other Comprehensive Income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):			
Actuarial gains/(Losses) on defined benefit plans	21.1	586,855	(3,450,128)
Income tax effect on Actuarial gains / (Losses) on defined benefit plans		(82,160)	483,018
Revaluation of Land & Buildings		192,192,588	-
Income tax effect on Revaluation of land and buildings	18	(24,666,920)	(71,414,415)
Other Comprehensive Income/(Loss) for the Year		168,030,363	(74,381,525)
Total Comprehensive Income for the Year		294,954,105	13,391,417

The Accounting Policies and Notes on pages 08 through 31 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019	Stated Capital Rs.	Revaluation Surplus Rs.	Retained Earnings Rs.	Total Rs.
As at 01 April 2017	521,583,448	1,034,216,100	691,284,484	2,247,084,032
Net Profit for the Year	-	-	87,772,942	87,772,942
Other Comprehensive Income				
Income Tax effect on Revaluation of Land & Buildings		(71,414,415)		(71,414,415)
Actuarial Gain / (Loss)	-	-	(3,450,128)	(3,450,128)
Income Tax effect on Actuarial Gain / (Loss)			483,018	483,018
Total Comprehensive Income	-	(71,414,415)	84,805,832	13,391,417
Ordinary Dividends - 2016/2017 (Rs 0.80 Per Share)	-		(40,000,000)	(40,000,000)
As at 31 March 2018	521,583,448	962,801,685	736,090,316	2,220,475,449
Transition impact on adoption of SLFRS 9:				
Allowance for Trade Debtors			(1,661,529)	(1,661,529)
Deferred tax impact on transition adjustment			232,614	232,614
Restated Opening Balance under SLFRS 9			734,661,401	
Net Profit for the Year	-	-	126,923,742	126,923,742
Other Comprehensive Income				
Revaluation of Land & Buildings	-	192,192,588	-	192,192,588
Income Tax effect on Revaluation of Land & Buildings	-	(24,666,920)	-	(24,666,920)
Actuarial Gain / (Loss)	-	-	586,855	586,855
Income Tax effect on Actuarial Gain / (Loss)			(82,160)	(82,160)
Total Comprehensive Income	-	167,525,668	127,428,437	294,954,105
Ordinary Dividends - 2017/2018 (Rs 1.00 Per Share)	-	-	(50,000,000)	(50,000,000)
As at 31 March 2019	521,583,448	1,130,327,353	812,089,838	2,464,000,639

The Accounting Policies and Notes on pages 08 through 31 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

Year ended 31 March 2019	Note	2019 Rs.	2018 Rs.
Cash Flows From Operating Activities			
Profit Before Taxation		162,991,069	133,334,899
Adjustments for :			
Depreciation	10	61,898,692	58,156,413
Amortisation	11.1	549,224	571,023
Finance Income	7.1	(31,057,236)	(24,134,832)
Finance Costs	7.2	26,717	123,429
(Gain) / Loss on Disposal of Property, Plant and Equipment	4	4,361,198	1,223,074
Provision for Retirement Benefit Obligations	21	5,987,672	5,874,707
Operating Profit before Working Capital Changes		204,757,336	175,148,713
(Increase)/ Decrease in Inventories		604,360	(1,478,539)
(Increase)/ Decrease in Trade and Other Receivables		(12,627,116)	(19,414,076)
(Increase)/ Decrease in Other Non Financial Assets		3,350,379	(1,460,312)
(Increase)/ Decrease in Amounts Due from Related Parties		(2,101,381)	2,141,498
Increase / (Decrease) in Trade and Other Payables		4,072,259	(8,885,716)
Increase / (Decrease) in amounts Due to Related Parties		(1,200,105)	2,614,562
Cash Generated from Operations		196,855,732	148,666,130
Income Tax paid		(23,710,402)	(8,918,836)
Finance Costs paid		(26,717)	(123,429)
Retirement Benefit Costs paid	21	(922,828)	(4,910,733)
Net Cash From Operating Activities		172,195,785	134,713,132
Cash Flows from /(Used in) Investing Activities			
Acquisition of Property, Plant & Equipment	10	(55,026,276)	(43,765,444)
Acquisition of Intangible Assets		(1,156,754)	(225,000)
Investments in Fixed Deposits		(87,634,042)	(22,322,383)
Interest Received		25,912,749	22,886,218
Proceeds on disposal of Property, Plant & Equipment		822,095	575,344
Net Cash Flows Used in Investing Activities		(117,082,228)	(42,851,265)
Cash Flows Used in Financing Activities			
Repayment of Interest Bearing Loans & Borrowings	22.1	(478,414)	(1,911,768)
Dividends Paid - on Ordinary share		(50,000,000)	(40,000,000)
Net Cash Flows Used in Financing Activities		(50,478,414)	(41,911,768)
Net increase/(decrease) in Cash and Cash Equivalents		4,635,143	49,950,099
Effect of exchange rate changes on Cash and Cash Equivalents		2,271,995	6,381,729
Cash and Cash Equivalents at the beginning of the year	16	166,087,821	109,755,993
Cash and Cash Equivalents at the end of the year	16	172,994,959	166,087,821

The Accounting Policies and Notes on pages 08 through 31 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Royal Palms Beach Hotels PLC ("Company") is a PLC limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 236 Galle Road, Colombo 03, and the principal place of business is situated at St. Abrew's Drive Road, Waskaduwa, Kalutara North.

1.2 Principal Activities and Nature of Operations

During the year, the principal activity of the Company was hoteliering.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company does not have an identifiable parent of its own.

1.4 Date of Authorization for Issue

The financial statements of Royal Palms Beach Hotels PLC for the year ended 31 March 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 16 August 2019.

2. STATEMENT OF COMPLIANCE

The Financial Statements which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Cash Flows statement, together with the accounting policies and notes 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 the requirement of the Companies Act No. 7 of 2007.

2.1 Basis of Preparation

2.1.1 Basis of Measurement

The Financial Statements have been prepared on a historical cost basis except for Freehold Land and building and Financial Instruments available for sale that have been measured at fair value. The

preparation and presentation of these Financial Statements is in compliance with the Companies Act No. 07 of 2007.

2.1.2 Materiality and Aggregation

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

2.2 Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Financial Statements.

Going Concern

The directors have made an assessment of the company's ability to continue in business for the foreseeable future. Therefore the financial statements are continued to be prepared in a Going Concern Basis.

Impairment of Trade Debtors:

The Company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the statement of profit or loss. The Management uses judgement in estimating such amounts in the light of the duration of outstanding and any other factors management is aware of, that indicate uncertainty in recovery. Further details are given in Note 13.

Critical Accounting Estimates and Assumptions

The financial statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the Statement of Financial Position and amounts charged to the Statement of profit or loss. These could

result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant Notes to the Financial Statements.

Fair Value of Property, Plant & Equipment:

The Land and Building of the Company are reflected at fair value. When current market prices of similar assets are available, such evidences are considered in estimating fair values of these assets. In the absence of such information the Company determines within reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of an independent valuer. Further details are given in note 10.4.

Components of Buildings:

In determining the depreciation expense, the Company with the assistance of an independent professional valuer determined the components of buildings that have varying useful lives. Approximation techniques and appropriate groupings were used in such determination as well as in the assessment of the useful lives of each component.

De-recognition of Property Plant & Equipments subject to refurbishments:

In order to comply with the LKAS 16 - Property Plant & Equipment, the Company determined the cost of derecognised assets based on the quantity surveyor's valuation.

2.3 Summary of Significant Accounting Policies

2.3.1 Foreign Currencies

The Financial Statements are presented in Sri Lanka Rupees, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are

Notes to the Financial Statements

retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the profit and loss. 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.

2.3.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

a) Room Revenue

Revenue is recognized on the rooms occupied on daily basis.

b) Food & Beverage Revenue

Food & Beverage Revenue is accounted at the time of sale.

c) Other Hotel Related Revenue

Other Hotel Related Revenue is accounted when such service is rendered.

d) Interest

Interest Income is recognised by using the Effective Interest Rate method.

e) Others

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment has been accounted for in the Statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. Gains and losses arising from incidental activities to 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.

2.3.3 Expenditure Recognition

- a) 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 income in arriving at the profit for the year.
- b) For the purpose of presentation of income statement the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performances, hence such presentation method is adopted.

2.3.4 Taxation

a) Current Income Taxes

Current income 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 by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

b) 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 assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivables and payables 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.

c) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available

against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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 profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.3.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost methods:

Food and Beverage	-	At purchase cost on weighted average basis.
Other Inventories	-	At purchase cost on weighted average basis.
Uniforms	-	At purchase cost

2.3.6 Cash and Short-term Deposits

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.7 Property, Plant and Equipment

Property, Plant and Equipment (except for land & Building) is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and building is measured at fair value, less impairment losses. Valuations are performed with sufficient frequency (Once in 3 Years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight line basis over the useful lives of the assets.

Notes to the Financial Statements

The useful lives of the assets are estimated as follows;

	2019	2018
Buildings and building integrals	50 – 70 years	50 – 70 years
Motor Vehicles	5- 10 Years	5- 10 Years
Kitchen Equipment	10-20 Years	10-20 Years
Furniture and Fittings	10-20 Years	10-20 Years
Office Equipment	10-20 Years	10-20 Years
Recreational Equipment	5-10 Years	5-10 Years
Hotel Equipment	10-20 Years	10-20 Years
Air Condition and Ventilation	10-15 Years	10-15 Years
Computer Equipment	3-10 Years	3-10 Years
Linen & Furnishing	1-3 Years	1-3 Years
Cutlery, Crockery & Glassware	1-3 Years	1-3 Years
Solar Water Heater System	10 Years	10 Years

Depreciation of an asset begins when it is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

2.3.8 Financial Instruments : Initial Recognition and Subsequent Measurement

i. Financial Assets (Before 1st January 2018)

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as Financial Assets at Fair Value through Profit or Loss, Loans and Receivables, Held-to-Maturity investments, or Available-for-Sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

Subsequent Measurement

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

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. 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 amortization is included in finance income in the Income Statement. The losses arising from impairment are recognised in the Income Statement in finance costs.

Available-for-Sale Financial Investments

Available-for-Sale financial investments held at the reporting date consist of equity securities. Equity investments classified as available-for-sale are those, neither classified as held-for-trading nor designated at fair value through profit or loss. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time, the

cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ii. Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there

is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the

allowance account. If a write off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-Sale Financial Instruments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair values has been below its original cost. Where there is evidence of impairment, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognised directly in other comprehensive income.

iii. Financial Liabilities

Initial Recognition and Measurement

The Company's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings, which are carried at amortised cost. This includes directly attributable transaction cost.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR)

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

De recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a 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.

iv. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

v. Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Reference to the current fair value of another instrument that is substantially the same;
- Discounted cash flow analysis or other valuation models.

Notes to the Financial Statements

2.3.9 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, except capitalized development costs, are not capitalized and expenditure is recognized in the income statement when it is incurred.

The Company's intangible assets include the value of computer software. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software 5 years

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2.3.10 Provisions

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

2.3.11 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the company are disclosed in Note No. 24.2

2.3.12 Retirement Benefit Obligations

a) Defined Benefit Plans – Gratuity

A defined benefit plan is a post – employment benefit plan other than a defined contribution plan.

The Company measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent professional actuary once in every year using the Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in Other Comprehensive Income and current service cost and interest costs at the income statement.

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligation are given in Note 22. Any changes in these assumptions will impact the carrying amount of defined benefit obligation.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 on "Employee benefits' However, under the payment of gratuity act no 12 of 1983, the liability to an employee rises only on completion of 5 years of continued service.

The gratuity liability is not externally funded.

b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.13 Impairment of Non Financial Assets

The Company 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 Company 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, 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 Company makes an estimate of the recoverable amount. 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.

2.4 Changes in Accounting Policies

The accounting policies adopted by the Company are consistent with those of the previous financial year except for the following;

New and amended standards and interpretations

The following are the new significant accounting policies applied by the company in preparing its Financial Statements. Several other amendments and interpretations apply for the first time in financial year 2018/19, but do not have an impact on the financial statements of the company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 replaced LKAS 18 Revenue and related Interpretations. SLFRS 15 established a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. SLFRS 15 required the Company to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company adopted SLFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018. The cumulative effect of initially applying

SLFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated as permitted, and continues to be reported under LKAS 18 and related Interpretations.

The Company carried out an impact analysis of the possible impact from adoption of the SLFRS 15 across all the services offered by the Hotel. The key aspects covered are as follows.

Identified all the goods or services, or contract deliverables, which have been promised within usual course of carrying out services of the Hotel. In determining this, the management looked at implicitly or explicitly promised services including customary business practices or policies of the hotel. Having considered the same, hotel then determined that in all principle services rendered, there was one distinct performance obligation rather than many.

In connection with contracts with travel agents, tour operators, on-line travel agents, corporate customers and free-individual-travellers, the company identified certain principal vs agent considerations. In recognising revenue from these transactions, the company considered whether the nature of its promise is a performance obligation to provide the hotel services itself (acting as a principal) or to arrange for the other party to provide those such services (acting as an agent). In particular, certain on-line travel agent agreements had terms indicative that the Hotel was in fact the principal, while in certain other circumstances, considerations that were suggestive of agency considerations were present. However, the accounting treatments that were adopted by the Hotel under the previous accounting standards were the same even prior to the application of SLFRS 15. In addition,

Notes to the Financial Statements

currently the Company does not have any outsourced other hotel related services. Accordingly, this aspect of principal versus agent did not result in material changes to the reported figures, despite the analysis and effort carried out by the Company.

After a detailed impact analysis, the Company concluded that the adoption of SLFRS 15 as at 1 April 2018 did not have a significant financial impact to the balances as at 1 April 2018.

SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

The Company applied SLFRS 9 retrospective method of adoption with the date of initial application of 1 April 2018. The Company has not restated the comparative information, which continues to be reported under LKAS 39. Differences arising from the adoption of SLFRS 9 have been recognised directly in retained earnings and other components of equity.

The effect of adopting SLFRS 09 as at 1 April 2018 as follows,

2018				
Financial Asset	LKAS 39 Measurement		SLFRS 9 Measurement	
	Category	Rs.	Category	Rs.
Investments	Available for Sale	18,000,000	Measured at Fair Value through OCI	18,000,000
Trade and Other Receivables	Loans and Receivables	149,511,377	Measured at Amortised Cost (Debt instruments)	149,511,377
Short Term Investments - Fixed Deposits	Loans and Receivables	194,170,533	Measured at Amortised Cost (Debt instruments)	194,170,533

2019		
Financial Asset	SLFRS 9 Measurement	
	Category	Rs.
Investments	Measured at Fair Value through OCI	18,000,000
Trade and Other Receivables	Measured at Amortised Cost (Debt instruments)	158,204,968
Short Term Investments - Fixed Deposits	Measured at Amortised Cost (Debt instruments)	286,949,063

The nature of significant changes were described below:

Classification and Measurement Under SLFRS 9

Debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following are the changes in classification of the Company's financial assets: The Company continued measuring at fair value all financial assets previously held at fair value under LKAS 39.

Trade receivables and Other current financial assets classified as Loans and receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

These are classified and measured as Debt instruments at amortised cost, beginning from 1 April 2018.

Equity investments in non-listed companies classified as AFS financial assets as at 31 March 2018 are classified and measured as Equity instruments designated at fair value through OCI, beginning from 1 April 2018. The Company elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as equity instrument fair value through OCI, since it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

Impairment

The adoption of SLFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. SLFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. Upon adoption of SLFRS 9 the Company has the following types of financial assets which are subject to SLFRS 9's expected credit loss (ECL) model:

Trade receivables : The adoption of SLFRS 9 has fundamentally changed the company's accounting for impairment losses for financial assets replacing the LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. Further company applied the simplified approach in calculating the expected credit loss of the trade receivables & prepayments. The company was required to revise its impairment methodology under SLFRS 9 for each of these classes of assets. The adoption of the ECL requirements of SLFRS 9 resulted to increases in impairment allowances of the company's debt financial assets as follows,

Impact of adopting SLFRS 09 - "Financial Instruments"	Retained Earnings
Closing Balance reported (31 March 2018)	736,090,316
Impact of recognition of impairment under SLFRS 09	
Debtor impairment	(1,661,529)
Deferred tax impact on the above	232,614
Opening Balance as per SLFRS 09 (1 April 2018)	734,661,401
Total Change in Retained Earnings due to adopting SLFRS 09	(1,428,915)

No other significant changes in classification and measurement of financial assets and liabilities were resulted due to this adoption.

2.5 Standards Issued but not yet Effective

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

SLFRS 16 - Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases under a single balance sheet model similar for finance leases under LKAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for the users of financial statement to assess the effect that leases have on the financial position. SLFRS 16 is effective for annual reporting periods beginning on or after 01 January 2019, with early adoption permitted. The company is currently in the process of evaluating the accounting impact and the current systems and processes will be modified when necessary.

Notes to the Financial Statements

3. REVENUE

	2019 Rs.	2018 Rs.
Room Revenue	232,345,598	194,447,399
Food and Beverage Revenue	488,943,165	429,688,447
Other Hotel Related Revenue	33,551,058	32,550,256
	754,839,821	656,686,102

4. OTHER INCOME

	2019 Rs.	2018 Rs.
Surplus at the year end foreign currency conversion	2,852,303	23,105,738
Income from Staff Meals	671,895	697,592
	3,524,198	23,803,330

5. PROFIT BEFORE TAXATION

Stated after charging / (crediting)	2019 Rs.	2018 Rs.
Depreciation	61,898,692	58,156,413
Amortisation of intangible Assets	549,224	571,023
Auditors' remuneration (Fees & Expenses)	462,200	416,400
Operation and Marketing Fee - Related Party	28,365,335	24,438,499
Staff Costs		
- Wages and salaries	139,228,159	124,411,627
- Cost of meals	12,695,106	10,604,731
- Defined Benefit Plan Costs - Gratuity	5,987,672	5,874,707
- Defined Contribution Plan Costs - EPF & ETF	15,326,856	13,699,336
Donations / CSR	466,961	72,670
Directors' Fee	501,000	451,000
Marketing and Promotional Fees	13,742,443	12,852,241
Power and Energy Expenditure	54,042,934	53,280,140
Repair and maintenance expenditure	33,491,765	37,750,622
(Profit) / Loss on Disposal of Property, Plant & Equipment	4,361,198	1,223,074
Nations Building Tax	15,039,141	13,078,521

6. NET FINANCE INCOME/(EXPENSES)

	2019	2018
	Rs.	Rs.
6.1 Interest Income - Related Party	25,766,408	22,151,285
Interest Income - Other	5,290,828	1,983,547
	31,057,236	24,134,832
6.2 Interest on Bank Overdrafts	(21,951)	(32,483)
Interest on Term Loan	(4,766)	(90,946)
	(26,717)	(123,429)
	31,030,519	24,011,403

8. EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding.

The following reflects the income and share data used in the Basic Earnings Per Share computations.

	2019	2018
	Rs.	Rs.
Amount Used as the Numerator:		
Net Profit for the period	126,923,742	87,772,942
Net Profit attributable to Ordinary Shareholders for Basic Earnings Per Share	126,923,742	87,772,942
Number of Ordinary Shares Used as Denominator	Number	Number
Weighted average number of Ordinary Shares Applicable to Basic Earnings Per Share	50,000,000	50,000,000
Earnings Per Share	2.54	1.76

Notes to the Financial Statements

9. INCOME TAX

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

Income Statement

Current Income Tax	2019 Rs.	2018 Rs.
Current Income Tax charge	26,157,237	21,575,913
Under/(Over) Provision of current taxes in respect of prior years	3,435	(34,555)
Additional Assessment charge on the year of Assessment 2014/2015	-	2,500,020
	26,160,672	24,041,378
Deferred Income Tax		
Deferred Taxation Charge/(Reversal) (Note 9.2)	9,906,655	21,520,579
Income tax expense reported in the Income Statement	36,067,327	45,561,957

Statement of Changes in Equity

Deferred Income Tax related to items charged or credited directly to equity :

Income tax expense reported in equity	(24,749,080)	(70,931,397)
---------------------------------------	--------------	--------------

9.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	2019 Rs.	2018 Rs.
Accounting Profit before tax	162,991,069	133,334,899
Income Tax Expense at the statutory income tax rate of 14% (2018 :12%)	22,818,750	16,000,188
Adjustments in respect to current income tax of previous year	3,435	2,465,465
Tax Effect of Disallowable Expenses	10,588,917	8,525,676
Tax Effect of Income Exempt from Income Tax and Other Allowable Credits	(7,250,430)	(6,808,276)
Tax Expense on Higher Tax Rates (Other than the business income)	-	3,858,325
	26,160,672	24,041,378
Deferred Taxation Charge / Reversal	9,906,655	21,520,579
Income Tax Expense at the effective income tax rate of 22.13% (2018 : 34.17%)	36,067,327	45,561,957

9.2 Deferred Tax Assets, Liabilities and Income Tax relate to the followings

	Statement of Financial Position		Statement of Income	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability				
Capital allowances for tax purposes	93,140,666	82,137,559	11,003,107	22,287,324
	93,140,666	82,137,559	11,003,107	22,287,324
Deferred Tax Assets				
Defined Benefit Plans - recognised through income statement	(5,167,088)	(3,974,991)	(1,192,097)	(683,532)
General Provisions				
Allowances for Doubtful Receivables	(173,112)	(235,515)	62,403	74,008
Allowances for Obsolete Inventories	(305,306)	(338,548)	33,242	(157,221)
	(5,645,506)	(4,549,054)		
Deferred Tax Expense			9,906,655	21,520,579
			Statement of Other Comprehensive Income	
			2019	2018
			Rs.	Rs.
Defined Benefit Plans - recognised through OCI	(400,858)	(483,018)	82,160	(483,018)
Revaluation of Land and Building	176,100,507	151,433,587	24,666,920	71,414,415
	175,699,649	150,950,569	24,749,080	70,931,397
			Statement of Changes in Equity	
			2019	2018
			Rs.	Rs.
Deferred Tax impact on SLFRS 9 (2018)	(232,614)	-	(232,614)	-
	(232,614)	-	(232,614)	-
Net Deferred Tax Liability	262,962,195	228,539,074		

Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT

	Balance As At 01.04.2018 Rs.	Additions Rs.	Increase in Revaluation Rs.	Disposals / Transfers Rs.	Balance As At 31.03.2019 Rs.
10.1 Gross Carrying Amounts					
At Cost or Valuation					
Freehold Land	492,650,000	10,399,000	119,802,250	-	622,851,250
Buildings on freehold land	1,319,171,080	6,592,017	72,390,338	(90,104,685)	1,308,048,750
Motor Vehicles	39,345,525	349,030	-	(143,732)	39,550,823
Kitchen Equipment	52,712,144	5,356,642	-	(3,397,175)	54,671,611
Furniture and Fittings	116,669,286	9,485,671	-	(1,011,500)	125,143,457
Office Equipment	1,490,303	490,542	-	(30,143)	1,950,702
Recreational Equipment	6,919,871	550,000	-	-	7,469,871
Hotel Equipment	136,986,050	8,781,380	-	(7,821,945)	137,945,485
Air Condition & Ventilation System	44,634,921	1,853,553	-	-	46,488,474
Solar Water Heater System	4,262,028	-	-	-	4,262,028
Computer Equipment	10,301,347	1,284,758	-	(104,000)	11,482,105
Linen & Furnishing	30,448,726	7,636,029	-	(5,666,377)	32,418,378
Cutlery, Crockery & Glassware	5,422,490	2,247,654	-	(1,057,587)	6,612,557
Gross Carrying Amounts	2,261,013,771	55,026,276	192,192,588	(109,337,144)	2,398,895,491

10.2 Depreciation

	Balance As at 01.04.2018 Rs.	Charge for the year Rs.	Transfers to Revaluation Reserve Rs.	Disposals Rs.	Balance As at 31.03.2019 Rs.
At Cost or Valuation					
Buildings on freehold land	59,603,133	30,501,552	(90,104,685)	-	-
Motor Vehicles	15,369,908	5,409,470	-	(143,732)	20,635,646
Kitchen Equipment	23,466,771	2,223,111	-	(2,140,129)	23,549,753
Furniture and Fittings	40,779,730	5,723,733	-	(626,037)	45,877,426
Office Equipment	784,115	75,336	-	(25,195)	834,256
Recreational Equipment	6,187,633	136,373	-	-	6,324,006
Hotel Equipment	55,545,512	6,757,016	-	(4,286,110)	58,016,418
Air Condition & Ventilation System	22,786,252	4,546,284	-	-	27,332,536
Solar Water Heater System	781,372	426,203	-	-	1,207,575
Computer Equipment	8,192,587	959,186	-	(104,000)	9,047,773
Linen & Furnishing	23,800,416	4,013,537	-	(5,666,377)	22,147,576
Cutlery, Crockery & Glassware	4,104,128	1,126,891	-	(1,057,587)	4,173,432
Total Depreciation	261,401,557	61,898,692	(90,104,685)	(14,049,167)	219,146,397

10.3 Net Book Values

At Cost or Valuation	2019 Rs.	2018 Rs.
Freehold Land	622,851,250	492,650,000
Buildings on freehold land	1,308,048,750	1,259,567,947
Motor Vehicles	18,915,177	23,975,617
Kitchen Equipment	31,121,858	29,245,373
Furniture and Fittings	79,266,031	75,889,556
Office Equipment	1,116,446	706,188
Recreational Equipment	1,145,865	732,238
Hotel Equipment	79,929,067	81,440,538
Air Condition & Ventilation System	19,155,938	21,848,669
Solar Water Heater System	3,054,453	3,480,656
Computer Equipment	2,434,332	2,108,760
Linen & Furnishing	10,270,802	6,648,310
Cutlery, Crockery & Glassware	2,439,125	1,318,362
Total Net Carrying Amount of Property, Plant & Equipment	2,179,749,094	1,999,612,214

10.4

- a) The fair value of land and buildings was determined by means of a revaluation during the financial year 2018/2019 by Messrs P.P.T.Mohideen an independent valuer with reference to market based evidence. The results of such evaluation had been incorporated in the Financial Statements from its effective date which is 31 March 2019. The surplus arising from the revaluation had also been transferred to a revaluation reserve as at that date.
- b) The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation, is as follows:

Class of Asset	Cumulative Depreciation		Net Carrying Amount 2019 Rs.	Net Carrying Amount 2018 Rs.
	Cost Rs.	If assets were at cost Rs.		
Freehold Land	72,204,611	-	72,204,611	61,805,611
Buildings on Freehold Land	740,280,759	139,446,141	600,834,618	608,743,856
	812,485,370	139,446,141	673,039,229	670,549,467

10.5 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs. 55,026,276/- (2018-Rs. 43,765,444/-) for cash consideration.

10.6 Property, Plant & Equipment includes fully depreciated assets which are still in use having a gross carrying amount of Rs.77,333,581/ =(2017- Rs.72,948,835/=)

10.7 Land and Buildings with a carrying value of Rs. 1,710,082,152/- as at 31st March 2018 were subject to a primary mortgage to Mercantile Investment and Finance PLC., which was settled during the year as more fully described in Note 25.

10.8 With effect from 1 April 2012, the Company reviewed the useful life of each significant component of buildings. In the review process, the Company has taken the assistance of an independent professional valuer. Accordingly, depreciation was calculated for the year ended 31 March 2019 using a straight line method for each individual significant component of building.

Notes to the Financial Statements

Components included in buildings and building integrals:

- Buildings superstructure	70 years
- Bathroom Fittings	25 years
- Roof	40 years
- Flooring	25 years
- Elevators	20 years
- Gazebo Hut	50 years

11. INTANGIBLE ASSETS

	Computer Software	
	2019	2018
	Rs.	Rs.
11.1 Cost		
As at the beginning of the year	5,144,652	4,919,652
Incurred during the year	1,156,754	225,000
As at the end of the year	6,301,406	5,144,652
Amortisation		
As at the beginning of the year	4,636,698	4,065,675
Amortised during the year	549,224	571,023
As at the end of the year	5,185,922	4,636,698
Net Book Value		
As at the beginning of the year	507,954	853,977
As at the end of the year	1,115,484	507,954

12. INVENTORIES

	2019	2018
	Rs.	Rs.
Food and Beverage Inventories	8,492,252	9,543,683
Housekeeping and General Inventories	1,460,860	1,187,351
Uniforms	3,120,027	2,721,056
Others Consumables	4,070,766	4,198,619
Gift Boutique Inventories	1,673,898	2,008,901
	18,817,803	19,659,609
Less: Allowances for Obsolete Inventories	(2,180,755)	(2,418,201)
	16,637,048	17,241,408

13. TRADE AND OTHER RECEIVABLES

	2019 Rs.	2018 Rs.
Trade Receivables - Related Party (Note 13.1)	14,655,967	12,565,865
- Other	145,266,204	136,239,387
Less : Allowances for Doubtful Trade Receivables (Note 13.2)	(3,219,943)	(1,682,252)
	156,702,228	147,123,000
Other Receivables	920,149	1,165,815
Loans to Company Officers	582,591	1,222,562
	158,204,968	149,511,377

13.1 Trade due from Related Parties

Name of the Company	Relationship		
Tangerine Tours (Pvt) Limited	Other Related Party	14,655,967	12,565,865
		14,655,967	12,565,865

13.2 Total Allowance for Impairment on Trade Debtors

	2019 Rs.	2018 Rs.
Balance as at beginning of the year	1,682,252	2,579,361
Impact of adapting SLFRS 9 "Financial Instruments"	1,661,529	-
Balance as at beginning of the year (As per SLFRS 09)	3,343,781	2,579,361
Charge/(reversal) for the year	(123,838)	(897,109)
Balance as the end of the year	3,219,943	1,682,252

In accordance with requirements of SLFRS 09: Financial Instruments, the provision for impairment was made for the trade debtors' balance as at 31 March 2019.

14. OTHER NON FINANCIAL ASSETS

	2019 Rs.	2018 Rs.
Prepayments and Advances	7,324,023	12,217,477
Other receivables	2,156,314	613,238
	9,480,337	12,830,716

Notes to the Financial Statements

15. OTHER FINANCIAL ASSETS

15.1 Measured at Fair Value Through OCI

Non Quoted Equity Securities with Non Related Parties	No. of Shares		Directors Cost Valuation **		Directors Cost Valuation **	
	2019	2018	2019 Rs.	2019 Rs.	2018 Rs.	2018 Rs.
Fair View Hotel (Pvt) Ltd.- Related Party	1,800,000	1,800,000	18,000,000	18,000,000	18,000,000	18,000,000
Gross Carrying Value of Investments			18,000,000	18,000,000	18,000,000	18,000,000
Total Current Non Quoted Equity Securities			18,000,000		18,000,000	

The Company has a 3% share holding in Fair View Hotel (Pvt) Ltd ,which is also involved in the hoteliering business.

15.2 Measured at Amortised Cost

Short Term Investments - Fixed Deposits			2019	2018
Company	Relationship		Rs.	Rs.
Fixed Deposits	Mercantile Investments and Finance PLC	Other Related Party	249,236,563	194,170,533
	Commercial Bank PLC		37,712,500	-
			286,949,063	194,170,533

15.3 Measured at Amortised Cost

Other receivable due from Related Parties		2019	2018
Name of the Company	Relationship	Rs.	Rs.
Tangerine Beach Hotels PLC	Significant Investor	1,421,853	-
The Nuwara Eliya Hotels Co. PLC	Other Related Party	679,529	-
		2,101,381	-

16. CASH AND BANK BALANCES

	2019	2018
	Rs.	Rs.
Cash at bank and in hand	195,604,246	177,992,639
	195,604,246	177,992,639

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

Cash and bank balances	195,604,246	177,992,639
Bank overdraft (Note 22)	(22,609,287)	(11,904,818)
	172,994,959	166,087,821

17. STATED CAPITAL

	Number of Shares	Ordinary Shares Rs.
At 31 March 2018	50,000,000	521,583,448
At 31 March 2019	50,000,000	521,583,448

Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time on the residue of Profits and are eligible to participate in any surplus assets in a winding up. They are also entitled to one vote per share at meetings of the Company. There are no other preferences or restrictions on ordinary shares.

18. REVALUATION SURPLUS

	2019 Rs.	2018 Rs.
On: Property, Plant & Equipment		
As at the beginning of the year	962,801,685	1,034,216,100
Revaluations during the year	192,192,588	-
Transfer to retained earning	-	-
Tax effect on surplus on revaluation	(24,666,920)	(71,414,415)
Effect on difference Tax rate	-	-
As at the end of the year	1,130,327,353	962,801,685

19. TRADE AND OTHER PAYABLES

	2019 Rs.	2018 Rs.
Financial Liabilities (Note 19.1)	31,334,707	36,076,007
Non Financial Liabilities (Note 19.2)	42,238,467	33,424,909
	73,573,175	69,500,916

19.1 Financial Liabilities

	2019 Rs.	2018 Rs.
Trade Payables	18,266,350	24,199,174
Service Charge Payable	7,679,482	7,436,675
Other Payables	5,388,875	4,440,158
	31,334,707	36,076,007

Notes to the Financial Statements

19.2 Non Financial Liabilities

	2019 Rs.	2018 Rs.
Advanced received for reservation	15,941,194	8,264,611
Accrued expenses	3,122,554	3,277,492
VAT Payable	6,002,842	6,314,691
NBT Payable	1,970,015	1,902,513
EPF & ETF Payable	1,963,324	1,794,884
TDL Payable	2,728,135	2,624,548
Refundable deposits	1,000,000	1,000,000
Other payables	9,510,403	8,246,169
	42,238,467	33,424,909

20. AMOUNTS DUE TO RELATED PARTIES

Name of the Related Party	Relationship	2019 Rs.	2018 Rs.
Security Ceylon (Pvt) Ltd.	Other Related Party	886,396	867,738
Tangerine Tours(Pvt.) Ltd.	Other Related Party	4,228,079	4,125,572
Mercantile Investments & Finance PLC	Other Related Party	127,936	115,691
Tangerine Beach Hotels PLC.	Significant Investor	-	1,333,514
		5,242,411	6,442,515

21. EMPLOYEE BENEFIT LIABILITY

	2019 Rs.	2018 Rs.
Balance as at the beginning of the year	31,842,923	27,428,821
Charge for the year (Note 21.1)	5,400,817	9,324,835
Payments during the year	(922,828)	(4,910,733)
Balance as at the end of the year	36,320,912	31,842,923

21.1 Expenses on Defined Benefit Plan

	2019 Rs.	2018 Rs.
Current Service Cost for the year	2,771,537	2,446,104
Actuarial (Gain) / Loss	(586,855)	3,450,128
Interest cost for the year	3,216,135	3,428,603
	5,400,817	9,324,835

21.2 Actuarial Assumptions

	2019	2018
Discount rate	11.0%	10.1%
Salary increment	10.0%	10.0%
Mortality - A 67/70 Mortality Table issued by the Institute of Actuaries London		
Retirement age	55 years.	55 years.
Disability rate	Simple disability rate	

Staff turnover

The staff turn over rate used in the valuation:

CAT 1 : 10.00% up to age 49 and thereafter zero

CAT 2 : 16.00% up to age 49 and thereafter zero

An actuarial valuation of the gratuity was carried out as at 31 March 2019 by Actuarial and Management Consultants (Pvt) Limited, a firm of professional actuaries. The valuation method used by the actuaries is the "Projected Unit Credit Method", recommended by LKAS 19 Employee Benefits.

21.3 Sensitivity of Assumptions Employed in Actuary Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measures.

The sensitivity of the Comprehensive Income Statement and the Statement of Financial Position is the effect of the assumed changes in discount rate & salary increment rate on the profit or loss & employment benefit obligation for the year.

31st March 2019	Sensitivity Effect on Comprehensive Income Statement Increase / (Reduction) in results for the year	Sensitivity effect on employee benefit Obligation increase / (Reduction) in the Liability
Increase/ (decrease) in discount rate		
1%	1,793,650	(1,793,650)
-1%	(1,972,120)	1,972,120
Increase/ (decrease) in salary Increment		
1%	(2,130,574)	2,130,574
-1%	1,968,586	(1,968,586)

31st March 2018	Sensitivity Effect on Comprehensive Income Statement Increase / (Reduction) in results for the year	Sensitivity effect on employee benefit Obligation increase / (Reduction) in the Liability
Increase/ (decrease) in discount rate		
1%	1,529,980	(1,529,980)
-1%	(1,677,661)	1,677,661
Increase/ (decrease) in salary Increment		
1%	(1,429,153)	1,429,153
-1%	1,329,728	(1,329,728)

Notes to the Financial Statements

21.4 Maturity Profile

	2019 Rs.	2018 Rs.
Distribution of defined benefit obligation over the future working life time		
Less than or equal 1 year	5,144,394	4,564,107
Over 1 year and less than or equal 2 years	6,800,502	6,605,395
Over 2 years and less than or equal 5 years	9,800,386	9,781,188
Over 5 years and less than or equal 10 years	9,838,200	7,290,750
Over 10 years	4,737,430	3,601,483
Total	36,320,912	31,842,923

22. INTEREST BEARING LOANS AND BORROWINGS

	2019 Rs.	2018 Rs.
Current		
Bank overdraft	22,609,287	11,904,818
Term Loans from Related Parties	-	478,414
	22,609,287	12,383,232
Non-current		
Term Loans from Related Parties	-	-
Total borrowings	22,609,287	12,383,232

22.1 Term Loan - Mercantile Investments PLC - Related Party

	2019 Rs.	2018 Rs.
Balance as at beginning of the year	478,414	2,390,182
Repayment during the year	(478,414)	(1,911,768)
Balance as at the end of the year	-	478,414

Loan obtained	20,000,000
Interest rate	6%
Term	102 Months

Security:

Company has pledged its land and premises as security, by way of a primary mortgage, as more fully described in Note 25 to Mercantile Investment PLC, now known as Mercantile Investments & Finance PLC.

23. COMMITMENTS

23.1 Financial Guarantees

There are no financial guarantees given by the company as at the reporting date.

23.2 Capital Expenditure Commitments

There are no capital expenditure commitments as at the reporting date.

24. CONTINGENCIES

There are no significant contingencies as at the reporting date.

25. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged 2018 Rs.	Included under
Immovable Properties	First Mortgage	1,710,082,152	Property, Plant & Equipment

The outstanding balance of the loan to which above assets have been pledged as at 31 March 2019 was nil (2018 - Rs. 478,414/-).

26. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

The following table provides the significant amount of transactions, which have been entered into with related parties for the relevant financial year.

26.1 Transactions with Related Parties

Transaction with entities having significant influence over the company

Company	Nature of Transactions	2019 Rs.	2018 Rs.
Transaction with entities having significant influence over the company-			
Recurring transactions Amount Receivable / (Payable) as at 31st March		1,421,853	(1,333,514)
Tangerine Beach Hotels PLC	Staff Quarters Rent	(612,245)	(612,245)
(Significant Investor)	Swerage Treatment Plant rent	(2,292,403)	(2,343,340)
	Staff Meals	12,853,033	13,326,927
	Laundry Charges	17,020,662	16,818,540
	Wate Bottles	(803,272)	(526,661)
	Over Booking Transfer	(1,530,000)	(1,341,062)
	Reimbursement of Expenses - (Net)	4,303,823	2,026,892
	Funds Transfers for settlements	(26,184,231)	(30,763,537)

26.2 Transactions with Key Management Personnel

Key Management Personnel (KMPs) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel of the Company are the Board of Directors of the Company and personnel holding the Designation General Manager and above. Transactions with Key Management Personnel and transactions with the Close Family Members (CFMs) of the KMPs, if any, also have been taken into consideration in the following disclosure.

Notes to the Financial Statements

a) Key Management Personnel Compensation	2019 Rs.	2018 Rs.
Short-term employee benefits	12,861,500	11,165,625

26.3 Transaction with Other Related Parties

Transactions with entities that are significantly influenced by Key Management Personnel of the Company:

Some Key Management Personnel of the Company and their members of the families collectively have control directly or indirectly in certain entities with which the Company entered into the transactions, summarised as follows:

The Company carries out transactions with KMPs & their close family members in the ordinary course of its business on standard commercial terms.

Nature of Transaction	2019 Rs.	2018 Rs.
Amount receivable as at 31 March	264,572,058	206,736,398
Amount (payable) as at 31 March	(5,242,411)	(5,109,001)
Tour Operation	56,107,997	69,348,817
Operation & Marketing Fee	28,365,335	24,438,499
Reimbursement of Expenses	11,561,781	10,815,061
Settlement of Liability	46,758,159	41,183,864
Settlement of Receivable	56,647,565	77,570,920
Security Services	10,338,775	10,462,118
Sales	-	737,523
Repairs and Services to the Motor Vehicle	953,621	836,839
Head office rent	1,530,600	1,530,600
Finance Arrangements	466,150	1,911,768
Net movement in Fixed Deposits investments	55,066,029	22,322,382
Interest Income for Fixed Deposits	25,766,408	22,151,285
Interest Expense for the Loan	4,766	90,946
Installation & Services Rendered	-	-

* The Company had pledged land and Buildings with a carrying value of Rs. 1,710,082,152/- (as at 31st March 2018) as security, by way of a primary mortgage, to obtain Rs. 20,000,000/- loan from Mercantile Investments & Finance PLC under concessionary rate of 6% granted by the Central Bank of Sri Lanka for the Tsunami effected hotel.

27. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

27.1 Carrying Amounts and Fair Values of Financial Instruments

Financial instruments of the Company comprise of financial assets and financial liabilities. 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 information presented herein represents the determination of fair values as at the reporting date.

Fair values of financial assets and financial liabilities, together with the carrying amounts in the statement of financial position, are as follows:

31st March 2019	Amortized Cost Rs.	Fair value through profit & loss Rs.	Fair value through other comprehensive income Rs.	Total carrying amount Rs.	Fair value Rs.
Financial assets					
Current assets					
Trade & other receivables	158,204,968	-	-	158,204,968	158,204,968
Cash and short-term deposits	482,553,309	-	-	482,553,309	482,553,309
Amounts due from related parties	2,101,381	-	-	2,101,381	2,101,381
	642,859,659	-	-	642,859,659	642,859,659
Non-current assets					
Investments	-	-	18,000,000	18,000,000	18,000,000
	-	-	18,000,000	18,000,000	18,000,000
Financial liabilities					
Current liabilities					
Trade and other payables	73,573,175	-	-	73,573,175	73,573,175
Amounts due to related parties	5,242,411	-	-	5,242,411	5,242,411
Bank overdrafts	22,609,287	-	-	22,609,287	22,609,287
	101,424,873	-	-	101,424,873	101,424,873
31st March 2018					
31st March 2018	Amortized Cost Rs.	Fair value through profit & loss Rs.	Fair value through other comprehensive income Rs.	Total carrying amount Rs.	Fair value Rs.
Financial assets					
Current assets					
Trade & other receivables	149,511,377	-	-	149,511,377	149,511,377
Cash and short-term deposits	372,163,172	-	-	372,163,172	372,163,172
Amounts due from related parties	-	-	-	-	-
	521,674,549	-	-	521,674,549	521,674,549
Non-current assets					
Investments	-	-	18,000,000	18,000,000	18,000,000
	-	-	18,000,000	18,000,000	18,000,000
Financial liabilities					
Current liabilities					
Trade and other payables	69,500,916	-	-	69,500,916	69,500,916
Amounts due to related parties	6,442,515	-	-	6,442,515	6,442,515
Bank overdrafts	11,904,818	-	-	11,904,818	11,904,818
Interest-bearing loans and borrowings	478,414	-	-	478,414	478,414
	88,326,662	-	-	88,326,662	88,326,662

Notes to the Financial Statements

The company does not have any financial instruments designated at fair value through profit or loss on initial recognition as at 31 March 2019.

27.2 Determination of Fair Value and Fair Value Hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the disclosed fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the disclosed fair value that are not based on observable market data

27.3 Financial Instruments not Carried at Fair Value

Given below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	2019		2018	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
Current Assets				
Trade and other receivables	158,204,968	158,204,968	149,511,377	149,511,377
Amounts due from related parties	2,101,381	2,101,381	-	-
Other non financial assets	9,480,337	9,480,337	12,830,716	12,830,716
Short-term deposits	286,949,063	286,949,063	194,170,533	194,170,533
Cash at bank and cash in hand	195,604,246	195,604,246	177,992,639	177,992,639
	652,339,995	652,339,995	534,505,265	534,505,265
Current liabilities				
Trade and other payables	73,573,175	73,573,175	69,500,916	69,500,916
Amounts due to related parties	5,242,411	5,242,411	6,442,515	6,442,515
Interest-bearing loans and borrowings	22,609,287	22,609,287	12,383,232	12,383,232
	101,424,873	101,424,873	88,326,662	88,326,662

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements:

Trade and other receivables and trade and other payables

For the above instruments with maturities of less than 12 months, the carrying value closely approximates with its fair values.

Trade and other payables

For the above instruments with maturities of less than 12 months, the carrying value is reasonably estimate of its fair values.

Interest-bearing loans and borrowings

All the borrowings are obtained at variable interest rates. Hence the carrying value reasonably approximates of its fair values.

	Level	2019		2018	
		Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
Financial liabilities					
Interest-bearing loans and borrowings (Note 22)	Level 2	22,609,287	22,609,287	12,383,232	12,382,900
		22,609,287	22,609,287	12,383,232	12,382,900

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements:

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to trade and other receivables, cash and bank, interest bearing loans and borrowings & trade and other payables without a specific maturity.

Interest-bearing loans and borrowings

Susahanaya Loan from Mercantile Investment and Finance PLC - Related Parties are obtained at the rate of 6%. this loan has been provided by the central bank through refinance scheme for re building of tsunami effected hotels within the country. Company uses discounted cash flow method to workout the fair value and AWPLR as at the reporting date has been used for the calculation.

27.4 Non Financial Assets Disclosed at Fair value

2019	Method	Date of valuation	Level **	Value	Unobservable Inputs	Average Price per perch/Sq.ft
Free hold land	Market Approach	31.03.2019	03	576,101,250	Estimated Price per Perch	550,000
Buildings	Market Approach	31.03.2019	03	1,292,119,665	Estimated Price per Sq.ft	10,000

2018	Method	Date of valuation	Level **	Value	Unobservable Inputs	Average Price per perch/Sq.ft
Free hold land	Market Approach	31.03.2016	03	460,000,000	Estimated Price per Perch	475,000
Buildings	Market Approach	31.03.2016	03	1,250,000,000	Estimated Price per Sq.ft	7,000

** Fair value measurement sensitivity to unobservable inputs - positive impact to the fair value

Valuation was carried out by professionally qualified independent valuer in compliance with Sri Lanka Accounting Standard - SLFRS 13 (Fair Value Measurement).

28. RISK MANAGEMENT

28.1 Introduction

The Company has exposure to the following risks from its use of financial instruments;

1. Credit Risk
2. Liquidity risk
3. Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework, which includes developing and monitoring the Company's risk management policies.

The Audit Committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by it.

Notes to the Financial Statements

28.2 Credit Risk

(a) Introduction

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the reporting date.

(b) The maximum exposure to credit risk at the reporting date

	Note	2019 Rs.	2018 Rs.
Cash and Cash Equivalents	16	195,604,246	177,992,639
Trade and Other Receivables	13	158,204,968	149,511,377
Fixed Deposits	15.2	286,949,063	194,170,533
Amounts Due from Related Parties	15.3	2,101,381	-
		642,859,659	521,674,549

(c) The ageing of the trade receivable as at the reporting date

	2019 Rs.	2018 Rs.
Gross Receivable		
Not past due	19,573,133	18,759,249
Past due 0-30 days	80,938,919	76,898,294
Past due 31-60 days	42,506,816	32,818,706
Past due 61-90 days	8,915,329	13,522,289
Past due 90-120 days	1,052,280	1,760,203
Past due 120-180 days	5,446,643	3,517,880
More than 180 days	1,489,051	1,528,631
Total Gross Receivable	159,922,171	148,805,252
Impairment Allowance*		
Allowance for Impairment	(3,219,943)	(1,682,252)
Carrying Value	156,702,228	147,123,000

	2019 Rs.	2018 Rs.
Movement in the Impairment Allowance*		
Balances at 1 April	1,682,252	2,579,361
Impairment recognised	1,537,691	(897,109)
Balances at 31 March	3,219,943	1,682,252

28.3 Liquidity Risk

(a) Introduction

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(b) The following summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments:

31 March 2019	Total	Contractual maturities of financial liabilities			
		Up to 3 Months	3-12 Months	1 - 5 Years	More than 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Liabilities	31,334,707	31,334,707	-	-	-
Bank Overdraft	22,609,287	22,609,287			
Amounts Due to Related Parties	5,242,411	5,242,411	-	-	-
	59,186,405	59,186,405	-	-	-

31 March 2018	Total	Contractual maturities of financial liabilities			
		Up to 3 Months	3-12 Months	1 - 5 Years	More than 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Liabilities	36,076,007	36,076,007	-	-	-
Term Loan	482,708	482,708	-	-	-
Bank Overdraft	11,904,818	11,904,818			
Amounts Due to Related Parties	6,442,515	6,442,515	-	-	-
	54,906,048	54,906,048	-	-	-

(c) Undrawn committed borrowing facilities

There are no undrawn borrowing facilities available to the Company as at the reporting date.

28.4 Market Risk

(a) Introduction

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on revenue and receivables and cash deposits denominated in currencies other than the functional currency of the Company. The currencies giving rise to this risk are primarily US dollars, Sterling pounds and Euro. The Company Finance team closely monitors the exchange rate movement, for necessary action.

If market rate appreciate or depreciate by 1% the effect of the same to the exchange gain/(loss) would be:

Currency	Sensitivity Effect on Comprehensive Income increase/ (decrease) in Results for the Year	
	+1%	-1%
Euro (€)	1,861,164	(1,861,164)
Dollar (\$)	449,161	(449,161)
Sterling Pound (£)	356,511	(356,511)
	2,666,836	(2,666,836)

Notes to the Financial Statements

(c) 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 Company's borrowing portfolio consist with fixed rate borrowings thus company does not have an interest rate risk as at the reporting date.

29. CAPITAL MANAGEMENT

The company's capital structure comprising share capital, reserves and retained earnings, as disclosed in the statement of changes in equity. The Board's intention is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's objective for managing its capital is to ensure that company will be able to continue as a going concern while maximizing the return to shareholders, as well as sustaining the future development of its business. In order to maintain or adjust the capital structure, the Company may alter the total amount of dividends paid to shareholders, issue new shares, and draw down additional debt.

30. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements, except for Directors approved a first & final Dividend of Rs. 1.00 per Share for the Ordinary Shareholders for the Financial Year 2018/2019.

INVESTOR INFORMATION

Shareholding	No.of Members	Shareholding	%
1 - 1000	1270	189,040	0.38%
1001 - 10000	193	744,130	1.49%
10001 - 100000	75	2,188,780	4.38%
100001 - 1000000	31	8,496,063	16.99%
Over 1000000	7	38,381,987	76.76%
	1576	50,000,000	100.00%

Category	As at 31 March 2019		As at 31 March 2018	
	Shareholding	%	Shareholding	%
Resident	47,282,181	94.56%	47,286,175	94.57%
Non Resident	2,717,819	5.44%	2,713,825	5.43%
	50,000,000	100.00%	50,000,000	100.00%

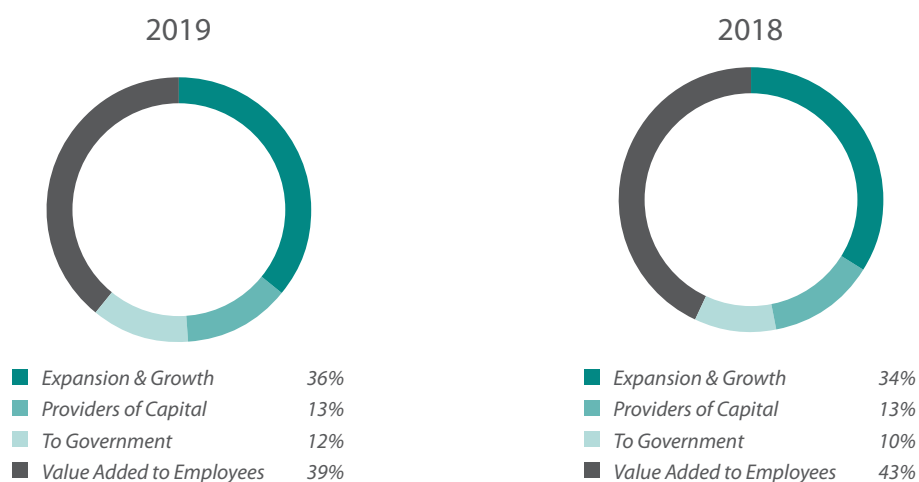
Category	As at 31 March 2019		As at 31 March 2018	
	Shareholding	%	Shareholding	%
Individuals	15,134,421	30.27%	15,116,411	30.23%
Corporate	34,865,579	69.73%	34,883,589	69.77%
	50,000,000	100.00%	50,000,000	100.00%

Shareholding	2019 Rs.	2018 Rs.
Market Value Per Share as at 31st March	16.10	18.00
Highest Market Value Per Share	19.80	28.00
Lowest Market Value Per Share	14.00	16.10
Public Holding		
No. of Ordinary Shares	7,049,175	6,731,215
Percentage	14.10%	13.46%

20 Largest Shareholders	2019		2018	
	No. of Shares held	%	No. of Shares held	%
Tangerine Beach Hotels PLC	14,202,786	28.41%	14,202,786	28.41%
Mercantile Investments and Finance PLC	8,576,700	17.15%	8,576,700	17.15%
Tangerine Tours (Pvt) Ltd	3,907,575	7.82%	3,907,575	7.82%
Mr. M J Fernando	3,649,403	7.30%	3,649,403	7.30%
The Nuwara Eliya Hotels Co. PLC	2,750,000	5.50%	2,750,000	5.50%
Mr. G L A Ondaatjie	2,742,700	5.49%	2,742,700	5.49%
Mr. M U Maniku	2,552,823	5.11%	2,552,823	5.11%
Mercantile Fortunes (Pvt) Ltd	829,870	1.66%	829,870	1.66%
Nilaveli Beach Hotels (Pvt) Ltd	707,375	1.41%	707,375	1.41%
Security Ceylon (Pvt) Ltd	650,000	1.30%	650,000	1.30%
City Properties (Pvt) Ltd	558,428	1.12%	558,428	1.12%
Mr. T J Ondaatjie	500,000	1.00%	500,000	1.00%
Mrs. K M N Perera	414,542	0.83%	414,542	0.83%
N Vaitilingam & Co. (Pvt) Ltd	362,498	0.72%	362,498	0.72%
Mr. J A S S Adhihetty	299,050	0.60%	299,050	0.60%
Mr. N H V Perera	265,795	0.53%	265,795	0.53%
People's Leasing & Finance PLC/ L P Hapangama	250,800	0.50%	250,800	0.50%
Mr. D C Fernando	250,000	0.50%	250,000	0.50%
Ceylon Galvernizing Industries Ltd	249,998	0.50%	249,998	0.50%
Renuka Consultants & Services Limited	239,547	0.48%	239,547	0.48%

VALUE ADDED STATEMENT

For the Year ended 31st March	2019	2018
Turnover	754,839,822	656,686,102
Less- Cost Of Sales	(401,156,640)	(393,875,255)
Value added	353,683,182	262,810,847
Other Income	34,581,434	47,938,162
Total Investment Created	388,264,616	310,749,009
Value Added to Employees	151,923,265	135,016,358
Providers of Capital	50,000,000	40,000,000
To Government	46,969,693	29,232,273
	248,892,958	204,248,631
For Expansion & Growth		
Retained Earnings	76,923,742	47,772,942
Depreciation	62,447,916	58,727,436
	139,371,658	106,500,378
	388,264,616	310,749,009



DECADE AT A GLANCE

Year ended 31st March	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Trading Results										
Turnover Net of Tax	754,840	656,686	582,319	637,372	527,742	640,908	594,593	572,394	462,986	408,497
Operating profit/(Loss) before interest exp. and other income	128,436	85,520	69,723	144,464	19,327	91,003	100,502	125,633	96,570	86,681
Profit/(Loss) before Taxation	162,991	133,335	96,744	173,764	23,565	118,865	114,047	149,340	111,202	95,908
Taxation provision	(36,067)	(45,562)	(10,005)	(25,246)	(1,214)	(19,514)	(14,549)	(22,841)	(2,871)	(17,253)
Profit after taxation on Ordinary activities	126,924	87,773	86,739	148,517	22,351	99,351	99,498	126,499	108,332	78,655
Share Capital & Reserve										
Issued Share Capital	521,583	521,583	521,583	521,583	521,583	521,583	521,583	521,583	521,583	521,583
Revaluation Reserve	1,130,327	962,802	1,034,216	1,032,667	694,331	705,172	723,237	571,608	575,034	565,727
Revenue Reserve	812,090	736,090	691,284	646,207	519,981	485,335	446,461	371,213	272,422	184,090
Total Equity	2,464,001	2,220,475	2,247,084	2,200,457	1,735,895	1,712,091	1,691,281	1,464,405	1,369,039	1,271,400
Assets Employed										
Current Assets	668,977	551,747	465,598	464,102	280,095	334,754	333,982	344,107	256,505	225,046
Current Liabilities	(104,558)	(89,009)	(89,176)	(94,313)	(75,386)	(108,003)	(89,383)	(107,888)	(78,749)	(79,912)
Working Capital	564,419	462,737	376,423	369,789	204,710	226,751	244,599	236,218	177,756	145,134
Non Current Assets	2,198,865	2,018,120	2,034,656	1,992,090	1,659,293	1,613,933	1,572,091	1,331,309	1,294,624	1,246,456
Non- Current Liabilities	(299,283)	(260,382)	(163,994)	(161,421)	(128,107)	(128,593)	(125,409)	(103,122)	(103,341)	(120,190)
	2,464,001	2,220,475	2,247,084	2,200,457	1,735,895	1,712,091	1,691,281	1,464,405	1,369,039	1,271,400
Ratio & Statistics										
Gearing Ratio (Times)	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01
Current ratio (Times)	6.40	6.20	5.22	4.92	3.72	3.10	5.25	3.19	3.26	2.82
Market Price per Share	16.10	18.00	21.90	30.50	36.00	30.00	35.00	55.00	70.00	65.50
Earnings per Share	2.54	1.76	1.73	2.97	0.45	1.99	1.99	2.53	2.17	1.55
Net assets per Share	49.28	44.41	44.94	44.01	34.72	34.24	33.83	29.29	27.38	25.43
Interest Cover (Times)	6,101.65	1,085.02	365.13	482.34	49.39	203.54	148.74	171.81	95.16	85.58
Return on Shareholder's Funds(%)	5.15	3.95	3.86	6.75	1.29	5.80	5.88	8.64	7.91	6.19
Return on Total Assets(%)	4.43	3.42	3.47	6.05	1.15	5.10	5.22	7.55	6.98	5.42
Price Earning Ratio	6.34	10.23	12.66	10.27	80.00	15.07	17.59	21.74	32.26	42.26

REAL ESTATE PORTFOLIO

Company & Location	Building in (Sq.Ft.)		Land in Acres		Net Book Value	
	2018/19	2017/18	Free hold Property		Rs.'000	Rs.'000
			2018/19	2017/18	2018/19	2017/18
Royal Palms Beach Hotels PLC, No.35, OFF.De Abrew Drive, Kalutara North,Maha Waskaduwa,Kalutara	175,075	175,075	6.0	6.0	1,868,221	1,710,082

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of Royal Palms Beach Hotels PLC. will be held on 25th September 2019 at 11.45 a.m. at Tangerine Beach Hotel, Kalutara to transact the following business.

1. To receive and adopt the Report of the Directors and the Statements of Accounts for the year ended 31st March 2019, with the Report of the Auditors thereon.
2. To elect Mr. N H V Perera who retires in terms of Article 88 (i) of the Articles of Association of the Company.
3. To elect Mr. M J Fernando, Mr. M Keerthiratne, Mr. A de Zoysa and Mr. M U Maniku in terms of Section 211 of the Companies Act No.07 of 2007. The Company has received special notice of intention to pass the following resolutions as ordinary resolutions.
 - a. Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. Merrill Joseph Fernando who is 88 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act."
 - b. "Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. Mihindu Keerthiratne who is 78 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act."
 - c. Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. Ajita de Zoysa who is 75 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act."
 - d. Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. Mohamed Umar Maniku who is 72 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act."
4. To re-appoint Messrs. Ernst & Young who are deemed to be re-appointed as Auditors of the company in terms of sec. 158 of the Companies Act No. 7 of 2007 and to authorise the Directors to determine their remuneration.
5. To authorize the Directors to determine payments for charitable and other purposes for year 2019/20.

By Order of the Board,

(Sgd.)

Mercantile Investments and Finance PLC

Secretaries

Colombo

16 August 2019

Notes:

A member entitled to attend and vote at the meeting is entitled to appoint a proxy (whether a member or not) to attend and vote instead of him. A form of proxy is enclosed with the Report for this purpose and Shareholders who are unable to attend the meeting in person are requested to kindly complete and return such form of proxy in due time, in accordance with the instructions noted on the form of proxy.

FORM OF PROXY

I/We (NIC)

of

being a member/members of ROYAL PALMS BEACH HOTELS PLC, do hereby appoint;

.....(NIC)..... of

..... or failing him/her

Angeline Myrese Ondaatjie	or failing her
Gerard George Ondaatjie	or failing him
Travice John Ondaatjie	or failing him
Nawagamuwage Hasantha Viraj Perera	or failing him
Mohamed Umar Maniku	or failing him
Merill Joseph Fernando	or failing him
Ajita de Zoysa	or failing him
Mihindu Keerthiratne	or failing him
John Damasene Vaz	or failing him
Prasanna Senani Rajiv Casie Chitty	

as my/our proxy to represent me/us and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 25th September 2019 at 11.45 a.m. at Tangerine Beach Hotel, Kalutara and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		FOR	AGAINST
1)	To receive and adopt the Report of Directors and the Statement of Accounts for the year ended 31st March 2019, with the Report of the Auditors there on.		
2)	To elect Mr. N H V Perera retiring in terms of Article 88(i) of the Articles of Association of the Company.		
3)	To elect Mr. M J Fernando in terms of Section 211 of the Companies Act No.7 of 2007.		
4)	To elect Mr. M Keerthiratne in terms of Section 211 of the Companies Act No.7 of 2007		
5)	To elect Mr. A de Zoysa in terms of Section 211 of the Companies Act No.7 of 2007		
6)	To elect Mr. M U Maniku in terms of Section 211 of the Companies Act No.7 of 2007		
7)	To re-appoint Messrs. Ernst & Young who are deemed to be re-appointed as Auditors of the company in terms of sec. 158 of the Companies Act No. 7 of 2007 and to authorise the Directors to determine their remuneration.		
8)	To authorize the Directors to determine payments for charitable and other purposes for the year 2019/20		

As witness my/our hand thisday of2019

.....
Signature of Shareholder/s

Note: Please delete the inappropriate words.
(Instructions as to completion are noted on the reverse hereof)

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy, after filling legibly your full name and address and by signing in the space provided and please fill in the date of signature.
2. If the proxy form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
4. The completed form of proxy should be deposited at the Registered Office of the Company at No. 236, Galle Road, Colombo 3, 48 hours before the time appointed for the meeting.

CORPORATE INFORMATION

NAME OF THE COMPANY

Royal Palms Beach Hotels PLC.

STATUS & LEGAL FORM

Public quoted company with limited liability
Incorporated in Sri Lanka on 20th May 1992.

COMPANY REGISTRATION NUMBER

PQ 167

TAX PAYER IDENTIFICATION NUMBER

114092118

VAT REGISTRATION NUMBER

114092118 7000

COMMUNICATION REGISTERED OFFICE

236, Galle Road, Colombo 03, Sri Lanka
P.O. Box 195, Colombo
Tel : 2343720-7
Fax : 2434524, 2448279
E-mail : tangerinetours@mi.com.lk
Website : www.tangerinehotels.com

HOTEL

Royal Palms Beach Hotel, St.Abrew's Road,
Nagashandiya, Waskaduwa.
Tel : 034-2228113-7
Fax : 034-2228112
E-mail : info@royalpams.lk

SECRETARIES

Mercantile Investments & Finance PLC

REMUNERATION COMMITTEE

Chairman – N.H.V.Perera
P S R Casie Chitty

AUDIT COMMITTEE

Chairman – N.H.V.Perera
P S R Casie Chitty

EXTERNAL AUDITORS

Ernst & Young.
CHARTERED ACCOUNTANTS

INTERNAL AUDITORS

SJMS Associates
CHARTERED ACCOUNTANTS

BANKERS

Hatton National Bank PLC
Commercial Bank of Ceylon PLC

BOARD OF DIRECTORS

A.M. Ondaatjie - Chairperson and Managing Director
G.G.Ondaatjie
T.J. Ondaatjie
N.H.V.Perera
M.Keerthiratne
M.U.Maniku
M.J.Fernando
A.De.Zoysa
P S R Casie Chitty
J.D.Vaz

CORPORATE MANAGEMENT

Ravi Kurukulasooriya	General Manager
M.I. Shahabdeen	Group Financial Controller
Manil Galagoda	Group Engineer
Ravi Fernando	Group Accountant
Nelson Mayadunnage	Finance Controller
J.D.Vaz	Director/ Manager Finance & Administration
Menaka Fernando	Chief Accountant

MANAGEMENT TEAM

Ravi Kurukulasooriya	General Manager
Nelson Mayadunnage	Finance Controller
Menaka Fernando	Chief Accountant
Y.D.K. Chandrasiri	Maintenance Engineer
Anjana Gunawardene	Front Office Manager
Bandula Priyantha	Executive Chef
Janatha Kumara	Executive Housekeeper
Praboth Jayaweera	Credit Manager
Priyanka Liyanage	Cost Controller

Concept & Designed by



Printed by Printel (Pvt) Ltd

