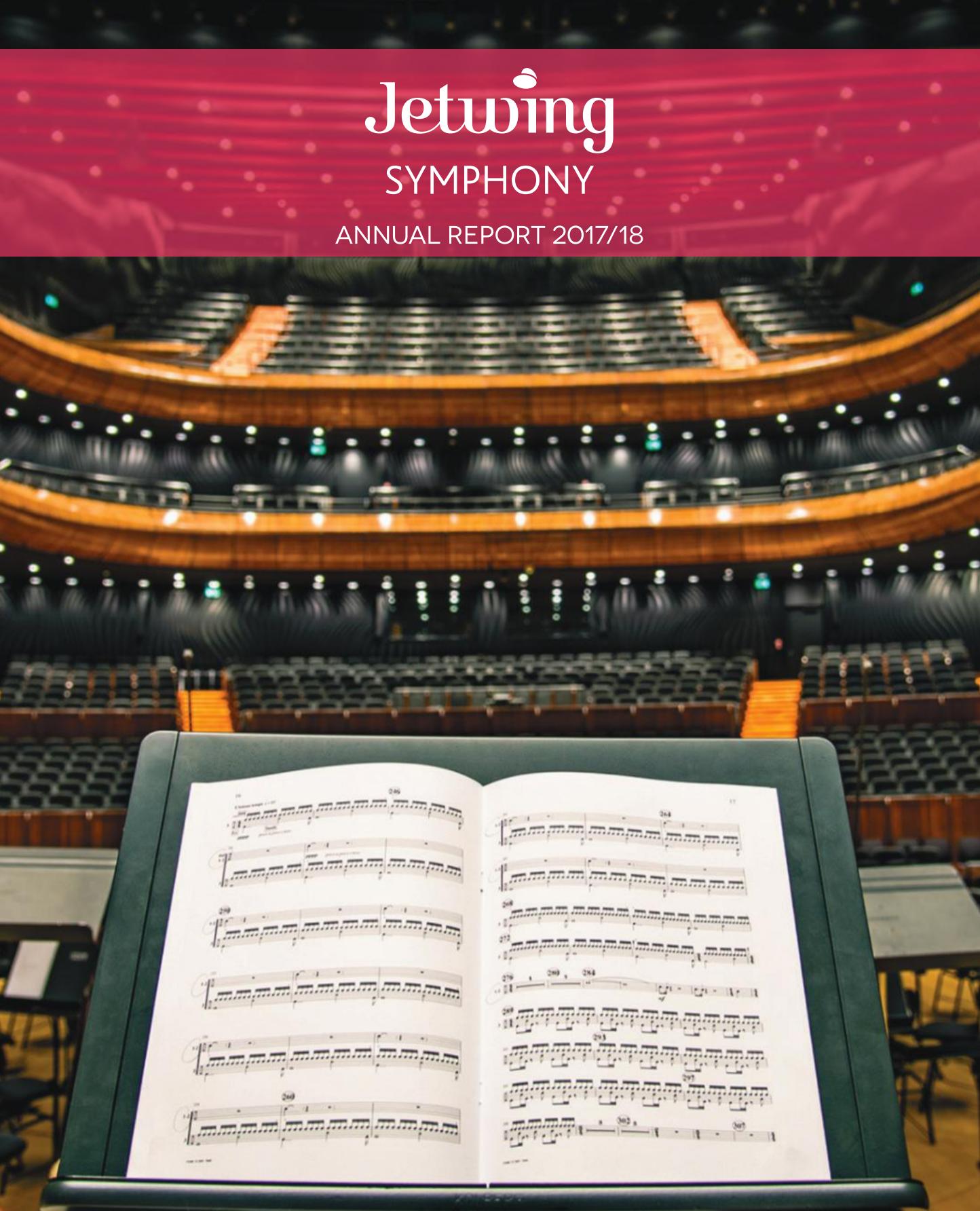


Jetwing

SYMPHONY

ANNUAL REPORT 2017/18



“Even with high quality instruments, talented musicians and perfect acoustics the energy of the audience still has the power to make the performance of a symphony orchestra even better.

”

As the musicians, instruments and conductor is important to bring together a world class orchestra, all hotels of Jetwing Symphony are synchronized to showcase the company's vision for true hospitality. Similar to a symphony orchestra attracting a diverse and eclectic audience for the same unifying experience, we understand our guests visit Jetwing Hotels to experience something new that will leave them rejuvenated. Following a successful Initial Public Offering our talented associates are geared to continue raising the bar in making our hotels a home away from home for all our guests.

Jetwing
SYMPHONY

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About Us

Jetwing Symphony comes under the Jetwing Family of hotels; a brand known as the home of Sri Lankan hospitality and is geared to deliver to the exponentially growing tourist arrivals to the country. Backed up by over four decades of experience, Jetwing Symphony is creating a new future for tourism in Sri Lanka through innovative resorts in key destinations, complemented by the famed Jetwing approach to world class service and a firm commitment to responsible and sustainable operations. Currently, Jetwing Yala, Jetwing Kaduruketha, Jetwing Lake, Jetwing Colombo Seven and Jetwing Surf are in operation. While construction in Kandy is expected to commence shortly, a resort in Uppuveli is also in the pipeline, creating a network of properties spanning the country.



Located a few metres away from the Yala National Park, Jetwing Yala and Jetwing Tented Villas are the ideal getaways to soak in the surrounding wilderness in luxury. 80 modern rooms and 10 tented villas have been decorated with earthy tones to accentuate the colours of the wild. Featuring three bars – in the lobby, by the pool and by the sea – alongside one international dining and one fusion dining restaurant, Jetwing Yala spoils its guests with world-class wining and dining opportunities, featuring dishes created with care by expert chefs. Adding another dimension to the resort is the minimalist architecture providing breathtaking views of the ocean. Both properties have access to one of the finest and widest beach stretches in the area along with professionally trained lifeguards.

Jetwing
YALA
YALA • SRI LANKA



Overview

Jetwing Symphony PLC

Annual Report 2017/2018

tripadvisor®

Jetwing Yala

4.5 #1 of 2 Hotels in Palatupana

PERFECTION IN ALL WAYS!! BY AMANDA_ELKHOURY

Couldn't ask for a better amazing hotel!! The welcoming, the free upgrade, the ambiance, the hotel design, the amazing staff, the rooms, the pool, animals everywhere (wild animals), the relaxation, the food, the cocktails (especially mojitos).... every single detail about this hotel was perfect, amazing, stunning, extraordinary.... I didn't want to leave!!!! Jetwing Yala is the best place to stay when in Yala!!! I am definitely going back there soon. P.S this place is great for families and children too. Definitely absolutely highly recommended!!

Reviewed: 3 weeks ago

Stayed: April 2018, traveled as a couple

Booking.com

Jetwing Yala

Fabulous

8.9

EXCEPTIONAL BY LAURA, UNITED KINGDOM

Nothing, it was perfect!

We absolutely loved Yala and this hotel. The room was big and very tastefully decorated, the food was well priced and delicious. The service of the staff was without flaw and the grounds beautiful with the wild animals roaming freely reminding you that you are in the mists of a natural reservation. It was an authentic, cheap for the quality of service, stay and I will highly recommend you stay there. Plus, i got to see baby turtles hatching and doing their run towards the sea.

Reviewed: 20 March 2018

Stayed: March 2018



Drawing inspiration from the surroundings of Wellawaya, Jetwing Kaduruketha with its style, simplicity and character blend elements of nature and luxury in perfect harmony. The 25 dwellings with stellar views of lush green paddy fields and Poonagala Mountain is perfect for that holiday in secluded privacy. Similar to a traditional village guests can indulge in the best of ingredients as fresh produce makes its way into the resort kitchen from the onsite garden. Outdoor pool, soaring waterfalls and many other places to explore in the wilderness awaits those seeking adventure and discovery.

Jetwing
KADURUKETHA
WELLAWAYA • SRI LANKA



Overview

Jetwing Symphony PLC

Annual Report 2017/2018

tripadvisor®

Jetwing Kaduruketha

4.5 #1 of 1 Hotels in Wellawaya

ONE OF THE BEST HOTEL IN SRI LANKA BY YTAROX COLOMBO, SRI LANKA

One of the best jetwing hotels I have been to, great ambience, We extremely liked the hotel. Food was incredibly superb! We really enjoyed the Sri Lankan food there. When we called the hotel to make the reservation, Dinesh was so helpful and gave us all the information about the hotel accurately. On arrival Raj who did our checking and he was polite and welcomed us warmly, also we didn't have to wait for a long time at the reception area as we travelled from Colombo they gave the room on time. I must commend all the people at the restaurant who went out of there way to ensure we had a wonderful time.

Reviewed: November 2, 2017

Stayed: October 2017, traveled as a couple

Booking.com
Jetwing Kaduruketha

Fabulous 8.9

PARADISE IN THE MOUNTAINS BY HEIDI, AUSTRALIA

Nothing!

This property is simply amazing. The most beautiful property we have ever stayed in. Amazing staff, food, pool, accommodation & scenery. A special moment was sitting in the bar at dusk looking to the mountains & hearing the prayer at a nearby temple. We loved this place & special thanks to Nana for taking care of us.

Reviewed: 27 May 2018

Stayed: May 2018



Spread over 17 acres, Jetwing Lake has a peaceful and relaxing atmosphere with a scenic backdrop of the mountains and Siyambalaweva water tank. The property and 94 contemporary and stylish rooms clad in earthen hues represent the beauty of the natural habitat and ever changing colours of the sky. Guests are made to feel like royalty with luxurious spa packages, dining under the stars and personalised excursions to the many historical sites in the cultural triangle.

Jetwing
LAKE
DAMBULLA • SRI LANKA



Overview

Jetwing Symphony PLC

Annual Report 2017/2018

tripadvisor®

Jetwing Lake

4.5 #3 of 20 Hotels in Dambulla

PERFECT AT ITS MAXIMUM BY CONRAD S

We enjoyed our stay very well ..loved our stay very much..! From the checking point to check out point each and every staff member was sooo kind and helped us out very well..service is superb.! And the rooms.OMG I loved it..so classy and so comfy..food was so damn tasty..pool was amazing ..! I will definitely visit again..hats off to the Jetwin lake team..!

Reviewed: 3 weeks ago

Stayed: May 2018, traveled with family

Booking.com
Jetwing Lake

Superb **9.2**

A GORGEOUS HOTEL WITH FABULOUS FACILITIES AND OUTSTANDING SERVICE

BY MELANIE, UNITED KINGDOM

I loved everything about this hotel!

Everything! It's location, the setting in lush green countryside, the facilities, the large cool spacious bedroom, the luxurious bathroom, the views from the room, bathroom and private balcony (we were on the 3rd floor overlooking the pool and lake). The amazing food! The outstanding service! The huge, pristinely clean pool!!! I loved all of it! Oh and the 1-1 cookery lesson with Suresh the chef! That was excellent too!!! There's an on-site spa and roof top bar in the tree canopy you can enjoy too. Love this hotel!

Reviewed: 16 April 2018

Stayed: April 2018



Jetwing Colombo Seven located in the heart of Colombo 7 is beautiful in its own right but also offers a fabulous panorama. The 70 deluxe rooms and 28 serviced apartments with caramel-hued wood and floor-to-ceiling windows lets guests experience the city's changing faces: glittery and resplendent at night, and a beautiful vision to wake up to. The hotel is ideal for busy travellers as its mere minutes away from all major attractions but also provides facilities and personalised service to unwind and rejuvenate.



Jetwing
COLOMBO SEVEN
COLOMBO • SRI LANKA

Overview

Jetwing Symphony PLC

Annual Report 2017/2018

tripadvisor®

Jetwing Colombo Seven

4.5 #25 of 60 Hotels in Colombo

WISH WE STAYED LONGER! BY CHARLIEBROWN86 LONDON, UNITED KINGDOM

We had a lovely one night stay at Jetwing Colombo Seven and wish we could have stayed longer! From the moment we arrived at the hotel to the moment we left, we were taken care of! Rooms were spotless. Staff were pleasant. Rooftop bar made to cocktails to perfection. Rooftop pool was amazing with great views of Colombo. Breakfast, was something else! lots of local and continental foods to choose from. Highly recommended city hotel!

Reviewed: December 30, 2017

Stayed: October 2017, traveled with family

Booking.com

Jetwing Colombo Seven

Fabulous

8.8

LOVELY STAFF AND AMAZING CITY VIEWS FROM THE POOL DECK. INCREDIBLE

BY GRAHAM, AUSTRALIA

The view from the pool deck across the city is amazing, what a great location and outlook. The staff were all incredibly friendly and efficient, we really enjoyed our stay.

Reviewed: 21 January 2018

Stayed: January 2018



Nestled in the pristine uncharted coasts of Pottuvil Point, Jetwing Surf blends eco-tourism and luxury. The design of the property and 20 cabanas has been inspired by intricate sea shells and is built using wood, woven coconut palm leaves and dried "illuk" grass—all of which are naturally found in Sri Lanka. The open architecture provides perfect settings to unwind and relax in complete privacy with breathtaking views of the Indian Ocean. Personalized experiences such as beach dining are a true testament to our legendary hospitality. While Pottuvil Point is the closest and ideal surfing base for beginners, Arugam Bay one of the world's finest surfing destinations is only 10 minutes away making it the ideal eco-luxury surf resort. Pottuvil Point is also home to natural wonders such as Panama Lake, Semanikulam Lake and historical sites like Muhudu Maha Viharaya and Kudumbigala Monastery.



Jetwing
SURF

POTTUVIL POINT • SRI LANKA

Overview

Jetwing Symphony PLC

Annual Report 2017/2018

tripadvisor®

Jetwing Surf

5.0 #1 of 28 Specialty Lodging in Pottuvil

ENJOYED EVERY MINUTE BY THURSDAY-301, BRUSSELS

We enjoyed every minute of our stay at Jetwing Surf.

All staff so friendly and attentive, - this goes at all levels from the manager Hafi in the Reception to the Bell Boy. The Cabana was spacious and clean, with a lovely open bathroom. There is no A/C but several fans—just to our taste. No TV either, but that is the beauty of this serene location, and no Fridge, but a Cool Box topped with Ice kept the bottles we brought ice cold. It's the perfect place to get away and relax, - enjoying a long walk on a deserted beach in the early morning with the most beautiful sunrise—be prepared to get up at 5:30 if you want to capture the stunning scenery on your phone/camera!!!

Reviewed: 3 weeks ago

Stayed: May 2018, traveled as a couple

Booking.com
Jetwing Surf

Superb

PARADISE BY MEILING, AUSTRIA

Everything was amazing!

One of the most stunning places we have ever been to. The hotel is brand new, beautifully designed and eco friendly. The bungalows are incredible, located across a well looked after garden. The rooms have an outdoor style bathroom that are immaculate and very special. The pool, bar and restaurant areas are amazing with the some of the best staff who really look after you. The food is fantastic with a huge range and lots of local touches. There are boards and kayaks to use for free.

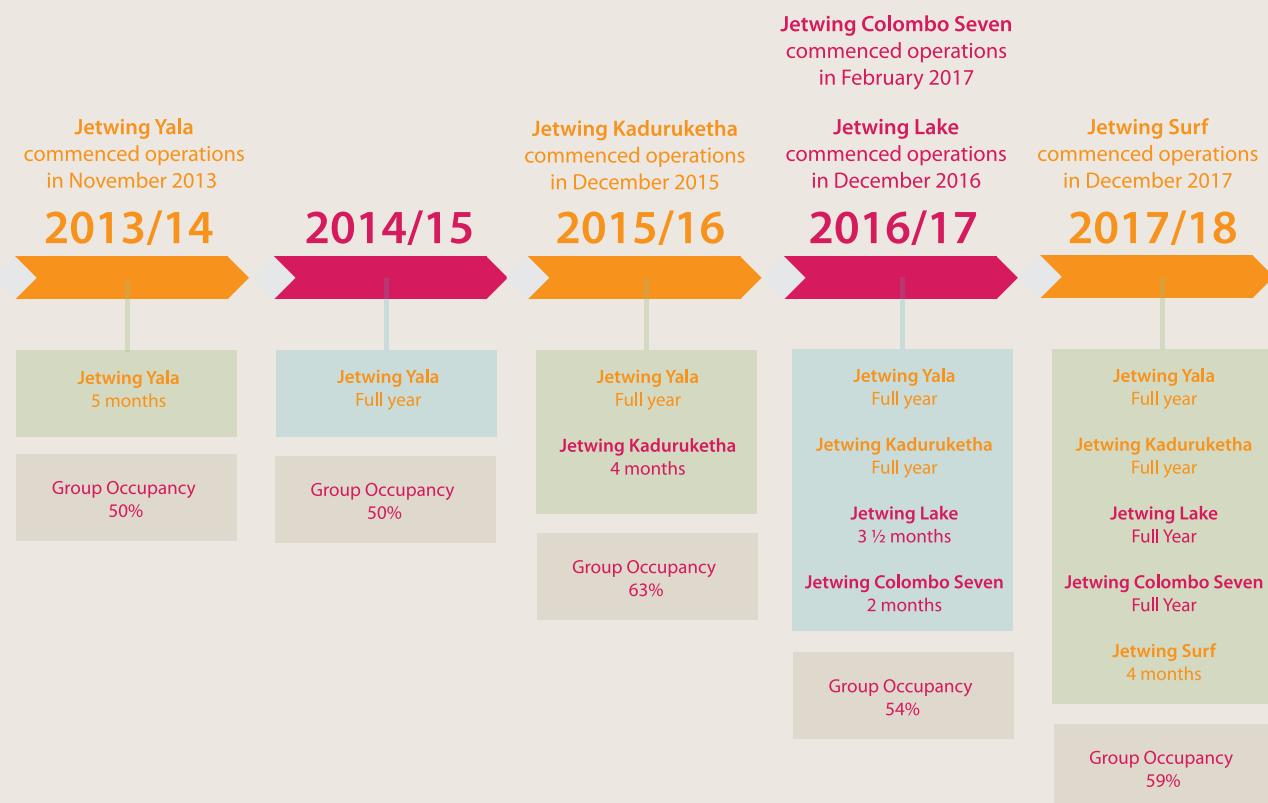
Reviewed: 22 April 2018

Stayed: March 2018

Financial Highlights

	2018	2017
Performance for the year ended 31 March		
Revenue	Rs.'000 1,515,032	734,742
Earnings before interest, tax , depreciation & amortisation (EBITDA)	Rs.'000 417,496	177,688
Profit/(Loss) before tax (PBT)	Rs.'000 (347,000)	(146,739)
Profit/(Loss) after tax (PAT)	Rs.'000 (348,618)	(149,624)
Earnings/(Loss) per share	Rs. (0.74)	(0.32)
Financial Position as at 31 March		
Total Assets	Rs.'000 10,168,506	9,564,353
Total Debt	Rs.'000 4,260,981	3,946,826
Total Equity	Rs.'000 5,396,003	5,039,761
No of Shares in Issue	No.'000s 502,189	451,970
Net Assets per Share	Rs. 10.70	11.09
Debt/(Equity+Debt)	% 44	44
Debt/Total Assets	% 42	41
Current Ratio	0.39:1	0.17:1
Quick Asset Ratio	0.36:1	0.15:1
Market/Shareholder information		
Market price per share as at 31 March	Rs 13.50	N/A
Market Capitalisation	Rs '000 6,779,552	N/A

Jetwing Symphony Timeline



Beautifully positioned between the serene tranquility of the Indian Ocean and the natural wonders of Yala National Park, **Jetwing Yala** rests within an uncharted patch of coastal wilderness at the end of Sri Lanka's southern shoreline



Chairman's Letter

Ayubowan!

To the Shareholders and Well-wishers of Jetwing Symphony PLC,

As we come to the end of another financial year, I want to share my thoughts on the Tourism industry at large and your company's performance in the financial year 2017/2018.

Since the end of the conflict in 2009, tourist arrivals to Sri Lanka increased at a staggering rate year on year. Statistics show that arrivals continued to increase this year as well, although we see a drop in momentum when compared to previous years. Sri Lanka, as a brand, has failed to be globally recognized as a luxury destination. Due to the lack of a coherent marketing and promotional campaign, our country is unable to attract the required number of high-spending travellers to fill the perpetually increasing number of rooms. At the same time, budget travellers have made up a majority of the arrivals; mainly due to Sri Lanka being marketed by bloggers and other social media influencers who cater to the younger travellers. This gap between the stagnant demand for luxury accommodation and the increasing supply of rooms, created an unprecedented disruption in the industry, in the form of the unregulated or informal sector. Many analysts believe that over 50 percent of the travellers arriving to Sri Lanka stay at these unregulated establishments, while the regulated hotels and other accommodation providers battle for the remaining travellers. In my opinion, budget travellers are a crucial component of any destination's market mix, however the problem we have is the discrepancy in the ratios. Ideally, a destination should cater to about 20% budget travellers and 80% high-spending travellers. As I have continued to do for the past few years, I hope and pray that a marketing and promotional campaign will be launched in the upcoming financial year, leading to a more suitable mix of travellers and an even playing field for those of us in the formal sector.

Following in the footsteps of many global destinations, Sri Lanka too has failed to control the negative impacts of tourism, which not only harm our local communities but are also deterrents to tourism growth. The inability to control the over-visitation of our national assets such as the Yala national park and Sigiriya, the uncontrolled and haphazard development of unregulated tourism establishments, and the harassment of tourists (to name a few) have created a negative image for Sri Lanka in the global eye and have also ruined the charm and exotic appeal that some of our destinations cherished in the past. In addition to the negative impacts of tourism, other factors such as uncontrolled domestic and/or ethnic conflicts, natural disasters and epidemics amplified by overpopulation and negligence of policy makers, have also had a huge impact on Sri Lanka's reputation and viability as a suitable destination for travellers. In spite of these shortcomings, I

Overview

still believe that Sri Lanka has a great opportunity to be positioned as a high-end eco-luxury destination, where more emphasis should be put on earnings per traveller, rather than the number of heads entering the country. We should not miss this golden opportunity to position Sri Lanka in the right path, so that future generations of Sri Lankans and travellers to Sri Lanka can benefit and enjoy our wonder of Asia.

As Sri Lankans, we must be proud of our motherland and speak with confidence in international forums if we are to attract investors both big and small. At many forums, I have heard potential investors complain that we Sri Lankans are always negative when projecting the current situation and future prospects of the industry. Yes, we may not be in an ideal situation, but we still have an abundance of positive messages that can be shared with the global community. As long as we focus our attention towards minimizing and subsequently eliminating our shortcomings, while propagating our good practices, I am confident that Sri Lanka will soon become a leading destination attracting a continuous flow of high-spending travellers and investors.

Having shared my thoughts on the industry, I will now move on to discussing your company's performance in the financial year 2017/2018.

When looking at Jetwing Symphony PLC as a whole, there are a few highlights from the last financial year which I want to bring to your attention. As most of you are aware, the company had its Initial Public Offering in December 2017. The IPO revealed extremely positive results, with an oversubscription on the opening day. It was both humbling and motivating to see the confidence that the general public placed in our brand and properties, despite the generally negative impression of the tourism industry at present. It is also reassuring to note that your company's performance was in line with the forecasted Loss after tax of LKR 349 million presented in the IPO prospectus. Despite the seemingly high negative figure, your company is making operating profits and will soon benefit from the reduced financial costs, due to the infusion of equity from a portion of the IPO funds (remainder of the funds are reserved for the Kandy development). The new properties will be better positioned in the market over the next few months; therefore, your company's financial performance will certainly display better results at the end of the next financial year.

Jetwing Yala and Jetwing Tented Villas are the group's first operational properties. Combined, the company's performance shows positive growth in revenue, operating profits, and Profit after Tax (PAT), among other financial indicators. There is ongoing work in the construction of a separate entrance, reception, and restaurant for Jetwing Tented Villas, which will make it a completely independent property from the customers' point of view. We felt that this addition was necessary in

Overview

order to provide a truly exclusive and super-luxurious experience to our guests, and will also help in positioning the property and eventually achieving higher Average Room Rates (ARR) and occupancies.

The group's second operational property, Jetwing Kaduruketha, showed positive growth in all financial indicators. This change is mainly due to an increased ARR and occupancy which we achieved through an elevated positioning of the property. Along with an independent marketing campaign for Wellawaya, we are also investing in positioning the hotel at exclusive travel fairs and across multiple media platforms. I am confident that the property will show better results in the upcoming year, with a focus on substantial increases in the ARR.

Jetwing Lake and Jetwing Colombo Seven completed their first full year of operations. As expected, both properties showed immense growth in revenue, since last year's figures accounted only for a few months of operations. Unfortunately, both destinations are currently facing severe pricing pressure due to an oversupply of rooms and poor competitive strategies in the industry; therefore, ARR is expected to remain constant or grow marginally in the upcoming financial year. We will focus on increasing occupancies in order to grow the top-line and thereby soften the impact on the bottom-line. Despite negative market conditions, I am confident that we will overcome this situation in the near future through better positioning of the destinations and the properties.

Your company's first property in the East coast, Jetwing Surf, commenced operations towards the latter stages of the financial year's 3rd quarter. Since the property opened its doors in the perceived off-season in the East coast and operated for only 4 months, it is premature to assess its financial performance. Although, I must say that guest feedback has been remarkable and we are already seeing fantastic results in the "seasonal" months. As the only eco-luxury resort in the Arugam bay region, the property is going through a promotional campaign both in terms of media and travel fairs, where our target is to bridge the gap between the seasons and give confidence to travellers and tour operators to visit and promote the hotel and its surrounding region throughout the year.

Jetwing Kandy Gallery - a boutique property, will commence construction in the 2nd quarter of the 2018/2019 financial year. This property will set new benchmarks in eco-luxury accommodation in the most visited region of the country. Your company also owns 20 acres of land in Uppuveli, which will be utilized for another unique development at an opportune time.

On behalf of the Board of Directors of Jetwing Symphony PLC, I take this opportunity to thank everyone who has been a part of our short

Chairman's Letter

journey and will continue to be with us over the coming years; the initial and current investors, who have placed their trust in us and continue to support the Board and its decisions; all our suppliers, for constantly providing the best produce and materials to our hotels; Jetwing Travels and all other tour operators and travel agents, for promoting and selling our unique properties; the local communities neighbouring our hotels, for supporting its activities and helping in every possible way; and our wonderful guests, both Sri Lankan and International, who inspire us to continue in this industry with confidence and optimism. Finally, I want to convey my sincere gratitude to our General Managers and all the associates at our hotels, who are responsible for creating memorable holidays with authentic and legendary Sri Lankan hospitality.

Our promise to you was to make Jetwing Symphony PLC the future of Sri Lankan hospitality. Jetwing's management team is committed to stand by this statement and work tirelessly in order to achieve the goals set for each and every property. I, along with my colleagues at Jetwing, thank you whole-heartedly for joining our family and sharing our ambition to be the best hospitality provider in the region. We will continue to expand the portfolio and consolidate the existing properties, while introducing novel concepts in order to remain relevant and opportune in an ever-evolving world of travel and tourism!

Hiran Cooray
Chairman
11 May 2018

Operating Environment

The Global Economy

Global economic activity continues to firm up. Global output is estimated to have grown by 3.7 percent in 2017, which is ½ percentage point higher than in 2016. The pickup in growth has been broad based, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters.

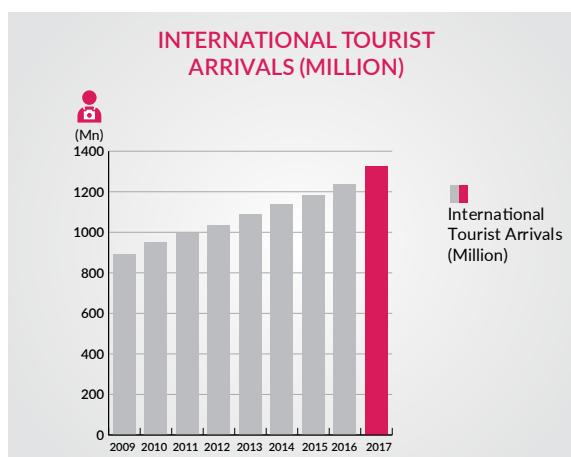
The International Monetary Fund (IMF) expected Global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes.

Oil prices are expected to average \$62.3 a barrel in 2018 (up from \$52.8 in 2017 and well above the projection of \$50.2 a barrel in the October 2017 WEO). As supply recovers, oil prices are expected to decline to \$58.2 a barrel in 2019, and further to about \$53.6 a barrel in 2023.

Global Tourism

International tourist arrivals grew by a remarkable 7% in 2017 to reach a total of 1,322 million, according to the latest UNWTO World Tourism Barometer. This strong momentum is expected to continue in 2018 at a rate of 4%-5%. The growth is partly due to global economic upswing and the robust outbound demand from traditional and emerging source markets, particularly rebound in tourism spending in Brazil and the Russian Federation after few years of decline.

Some 88 million more tourists (overnight visitors) travelled internationally last year compared to 2016.



All top 25 source markets reported higher spending on international tourism in 2017, as highlighted in the latest UNWTO World Tourism Barometer. China consolidated its leadership as the biggest spender in travel abroad in 2017 with US\$ 258 billion in expenditure (+5% in local currency)

Advanced economies also performed robustly in 2017, led by the United States (+9%), the world's second largest outbound market. US travellers spent US\$ 12 billion more on international tourism to US\$ 135 billion. Expenditure from Germany (3rd largest market) and the United Kingdom (4th) both increased 3%, and from France (5th) 1%.

According to the UNWTO World Tourism Barometer the tourist arrivals by region are as follows:

Europe reached 671 million in 2017, a remarkable 8% increase following a comparatively weaker 2016. Growth was driven by the extraordinary results in Southern and Mediterranean Europe (+13%). Western Europe (+7%), Northern Europe and Central and Eastern Europe (both +5%) also recorded robust growth.

Asia and the Pacific (+6%) recorded 324 million international tourist arrivals in 2017. Arrivals in South Asia grew 10%, in South-East Asia 8% and in Oceania 7%. Arrivals to North-East Asia increased by 3%.

The Americas (+3%) welcomed 207 million international tourist arrivals in 2017, with most destinations enjoying positive results. South America (+7%) led growth, followed by Central America and the Caribbean (both +4%), with the latter showing clear signs of recovery in the aftermath of hurricanes Irma and Maria. In North America (+2%), robust results in Mexico and Canada contrasted with a decrease in the United States, the region's largest destination.



Based on available data for Africa, growth in 2017 is estimated at 8%. The region consolidated its 2016 rebound and reached a record 62 million international arrivals. North Africa enjoyed a strong recovery with arrivals growing by 13%, while in Sub-Saharan Africa arrivals increased by 5%.

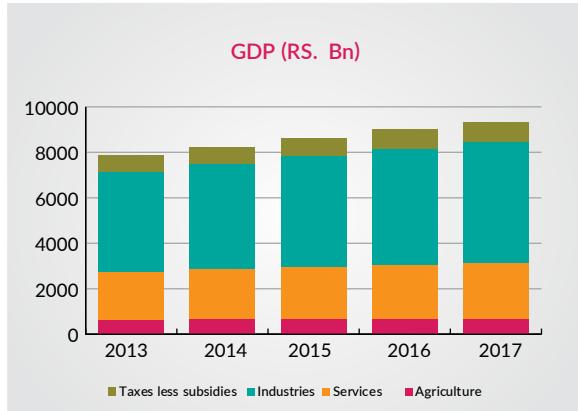
The Middle East (+5%) received 58 million international tourist arrivals in 2017 with sustained growth in some destinations and a strong recovery in others.

The Sri Lankan Economy

As per data released by the Department of Census and Statistics (DCS), Sri Lanka's real GDP growth decelerated further during 2017 to 3.1 percent, from the growth of 4.4 percent recorded in 2016. Adverse weather conditions and their spillover effects continued to affect real economic activity,

The growth of services activities, which was recorded at 4.7 percent in 2016, decelerated to 3.2 percent in 2017, particularly due to the contraction in public administration and defence activities, and the slowdown in transportation activities. The growth in industry related activities slowed during 2017 with the deceleration in the growth of construction, and mining and quarrying activities. The value added growth in the agriculture, forestry and fishing activities declined due to the impact of adverse weather conditions during 2017, as in the previous year.

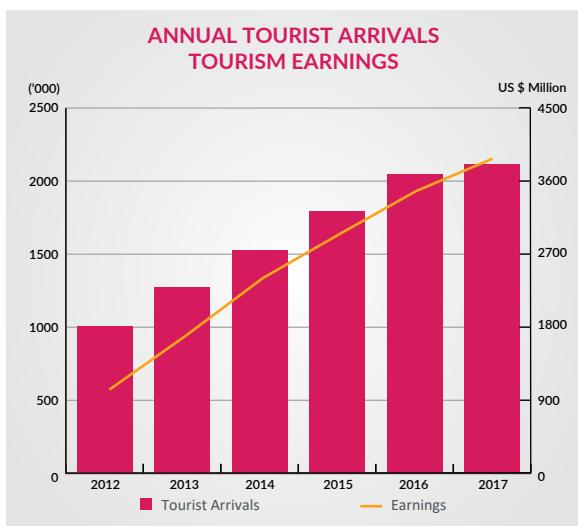
On an annual average basis, NCPI based headline inflation accelerated to 7.7 percent by end 2017, compared to 4.0 percent recorded at end 2016, while CCPI based annual average inflation accelerated to 6.6 percent by end 2017, compared to 4.0 percent at end 2016. Revisions to Value Added Tax (VAT) and higher commodity prices in the global



The Central Bank raised its key policy interest rates of the Central Bank, the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) were increased by 25 basis points in March 2017 to 7.25 percent and 8.75 percent, respectively.

The Sri Lankan Tourism Industry

Tourist arrivals recorded highest annual arrivals of 2,116,407 in 2017, the year-on-year growth in arrivals moderated to 3.2 percent. The tourism industry, remained the third largest foreign exchange earner to the country, despite recording a moderate growth of tourist arrivals. Flight cancellations and delays at the BIA, caused by partial operation of the Airport till April 2017 owing to repairs and the upgrade of the runway, as well as the breakout of the dengue epidemic in mid-2017, partly contributed to the sluggish performance in the tourism industry. Highest ever monthly arrivals was recorded during the month of December 2017.



Tourist arrivals from all major regions, except the Middle East, increased in 2017. Western Europe continued to be the largest tourist origin for Sri Lanka, representing 32.2 percent of total tourist arrivals, which grew at 5.8 percent to 680,901 arrivals. Tourist arrivals from South Asia, the second largest tourist origin of Sri Lanka, recorded a marginal growth of 0.9 percent, in 2017, although the share of arrivals declined to 24.5 percent from 25.0 percent in 2016. The share of tourist arrivals from East Asia that has continued to increase since 2010 accounted for 21.0 percent of total arrivals in 2017, while recording moderate growth of 4.5 percent, led by arrivals from Indonesia and the Philippines. India

Operating Environment

Operating Environment

maintained its lead as the prime tourist source, contributing mostly to the growth with 384,628 arrivals in 2017, while China remained the second largest origin albeit recording a marginal decline, followed by the UK, Germany and France. These five largest tourist source destinations together accounted for 51.2 percent of tourist arrivals to Sri Lanka in 2017.



The average duration of stay is 10.9 nights as compared to 10.2 nights in the previous year.

As a whole, the official tourist receipts for 2017 were estimated to be Rs. 598,143 million as compared to Rs. 512,293 million in 2016 representing an increase of 17%. In terms of US Dollars, the total tourist receipts were estimated at US\$ 3,925 million, as against US\$ 3,519 for the previous year, showing an increase of 12%. The per capita tourist receipts per day amounted to US\$ 170.1, showing an increase of 1% as compared to US\$ 168.2 in 2016.



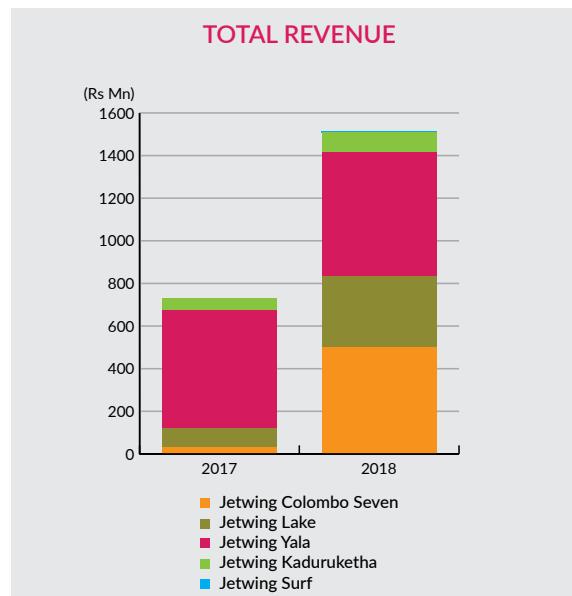
Thambapanni Restaurant at **Jetwing Yala** offering spectacular views of the Indian Ocean.

Group Financial Review

The Group Financial Statements for the financial year 2017/18 includes the Financial Statements of Jetwing Symphony PLC and all its subsidiaries mentioned in Note 7.2. During the period under review Jetwing Yala, Jetwing Lake, Jetwing Colombo Seven, Jetwing Kaduruketha operated for the full financial year. Jetwing Surf, the group's newest venture commenced commercial operations in December 2017. In the last financial year, only Jetwing Yala and Jetwing Kaduruketha operated for full financial year while Jetwing Lake and Jetwing Colombo Seven operated for 3 ½ months and 2 months respectively.

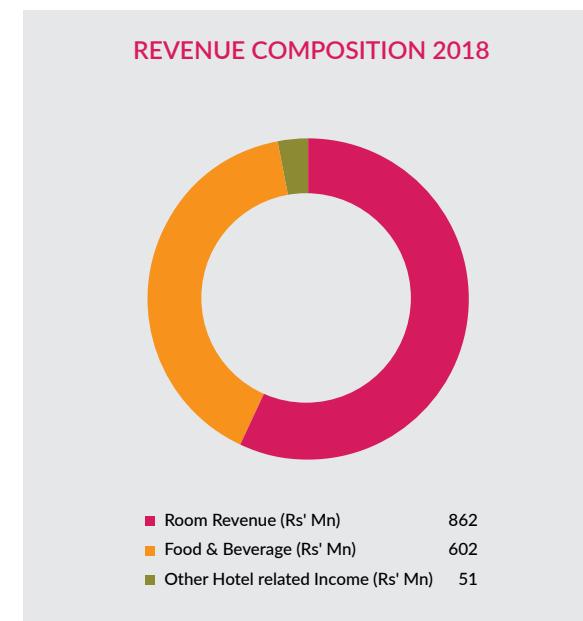
Revenue

Jetwing Symphony Group revenue surpassed Rs. 1.5 billion with Jetwing Yala, Jetwing Colombo Seven and Jetwing Lake contributing 38%, 33% and 22% respectively during the financial year under review compared to Rs. 734 million earned during the last financial year. Operation of Jetwing Lake and Jetwing Colombo Seven for the full financial year is one of the main contributors for this significant revenue growth. Notably, room revenue grew at a rate of 112% as compared to previous financial year due to increase in no of occupied rooms.

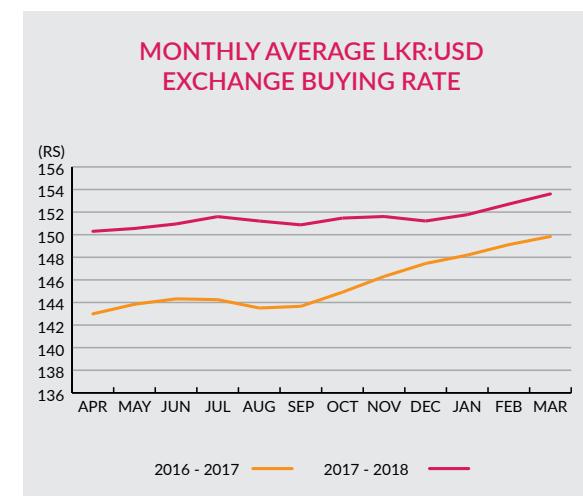


Jetwing Yala achieved a 5% revenue growth compared to the previous period under review. This is mainly attributed to the increase in the Average Room Rate (ARR) by 9%.

Total food and beverage revenue also recorded a strong growth of 101% compared to 2017.



Foreign exchange rate fluctuations during the year provided a favourable impact to the Group's results. With the Sri Lankan Rupee depreciating against both the US Dollar and the Euro the Group's revenue figures continued to further reflect a positive figure.



Group Financial Review

Depreciation for the year was reported at Rs. 306 million which is an increase of Rs. 156 million compared to the previous year. This is mainly due to additional depreciation charge from the capitalization of fixed assets of Jetwing Lake & Jetwing Colombo Seven.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

EBITDA for the year under review was reported as Rs. 417 million compared to Rs. 177 million achieved in the previous year. Considerable increase in revenue resulting from the increased occupied room nights was the main reason for the favourable figure. Jetwing Yala reported Rs. 202 million EBITDA for the year under review.

Profitability

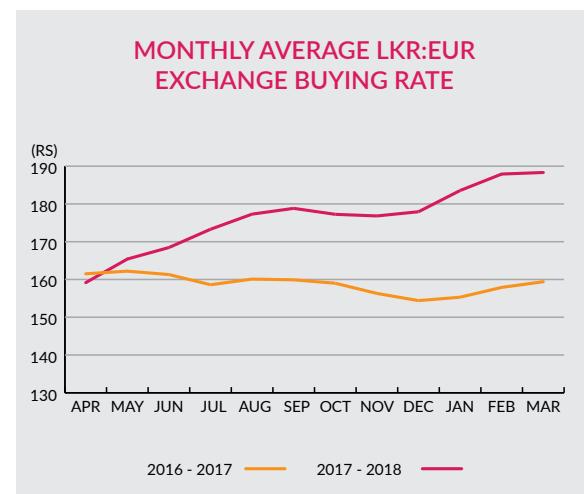
Operational efficiencies and resulting cost savings helped achieve an operational profit before depreciation and finance costs of Rs. 414 million. The group recorded a loss after tax of Rs. 349 million, primarily attributable to the relatively new portfolio compared to loss after tax of Rs. 150 million in the last year. The loss after tax is in line with what was estimated at the IPO.

The group recorded a loss before tax of Rs. 347 million compared to the previous accounting year's loss before tax of Rs. 147 million. The loss includes exchange loss on foreign currency loan amounting to Rs. 30 million and pre operational expenses of projects amounting to Rs. 7.3 million.

Jetwing Yala recorded a profit after tax of Rs. 42 million in financial year 2017/18, showcasing immense growth of 127% compared to the preceding financial year. Although the other five operational properties are yet to break even, they have recorded substantial growth with Jetwing Colombo Seven and Jetwing Kaduruketha being profitable at EBIT level.

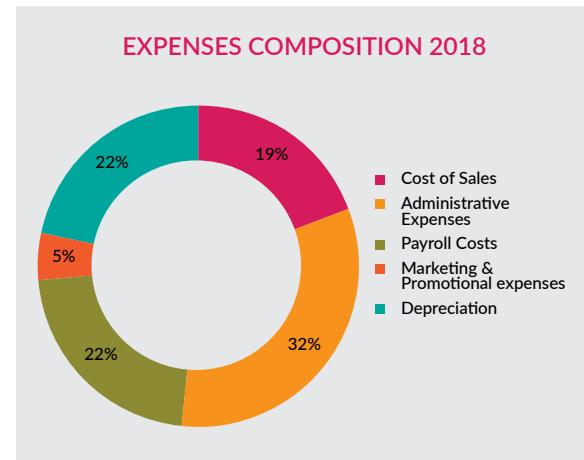
Further, Jetwing Lake, Jetwing Colombo Seven and Jetwing Kaduruketha in aggregate recorded a loss before tax of Rs. 368 million during the financial year; Significant price competition, increase in inventory of rooms and several other industry challenges resulted in Jetwing Lake, Jetwing Colombo Seven and Jetwing Kaduruketha experiencing loss before tax in year 2017/18.

Actions have been taken in order to increase occupancy in the upcoming financial year by partnering with carefully vetted social media influencers to promote different experiences, aggressive marketing through OTAs and Increase awareness through travel agents.



Expenses

Group expenses amounted to of Rs.1,420 million compared to Rs. 726 million last year excluding exchange loss on foreign currency loan amounting to Rs. 30 million. The increase in expenses compared to the prior year is mainly due to a full year of operation for Jetwing Lake and Jetwing Colombo Seven, which had operations only for 3.5 months and 2 months respectively in 2016/17. However it is noted that total expenses composition has not changed significantly compared to last year.



Group Financial Review

Statement of Financial Position

The Group's total assets was at Rs. 10,169 million, higher by 6.3% compared to the previous year Rs. 9,564 million. The main contributors to the increased property Plant & Equipment was the additions from Jetwing Lake and Jetwing Colombo Seven which commenced operations during the year and the revaluation surplus of land amounting to Rs. 179 million. During the year non-current liability figure rose to Rs. 3,028 million compared to Rs. 2,947 million of previous year. As at 31 March 2018 the gearing level of the group stood at 42%. Group had undrawn loan facilities amounting to Rs. 25 million and US\$ 0.5 million as at 31 March 2018.

Shareholders' Funds

Shareholders' funds as at 31 March 2018 increased to Rs. 5,396 million from Rs. 5,040 million in the previous period, mainly due to equity infusion of Rs. 753 million as part of IPO offer for subscription. During the year revaluation surplus of land amounted to Rs. 179 million. The group's net asset per share as at 31 March 2018 stood at Rs.10.70 per share.

Cash Flow Statement

Cash position of the group, as at 31st March 2018 decreased to negative Rs. 723 million, compared to negative Rs. 575 million last year. This is mainly due to acquisition of property plant and equipment amounting to Rs. 323 million and cash flow used in operating activities amounting to Rs 355 million. Cash flow from investing activities amounted to Rs. 647 million compared to Rs. 3,241 million in the previous year.



The ever-present sunshine above the historic domain of **Jetwing Lake** shines through secluded foliage, and shimmers upon the ancient Siyambalawewa Tank that faces our home in Sri Lanka's cultural triangle.

Sustainability Review

Employee Capital

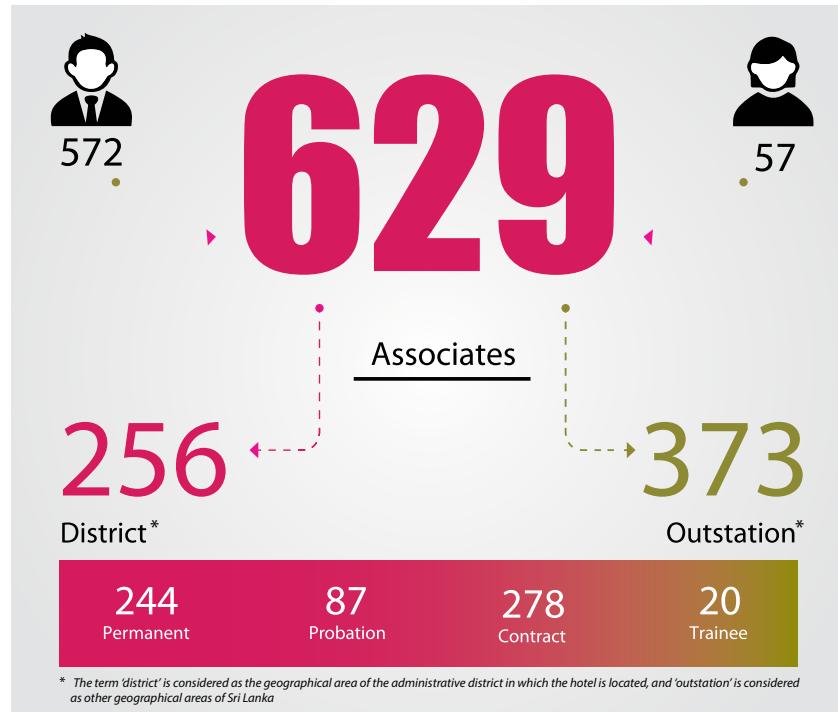
Our 'associates' define our success and are the heart of our business as they live by our core values of passion, humility, integrity and tenacity.

In return as a responsible organization we are committed in providing all our associates equitably and impartially through our comprehensive compensation schemes and policies and procedures that are laid down.

During the year under review, there were no material issues pertaining to employees and industrial relations.

Employee Distribution as at 31st March 2018

During the reporting period, a total of 629 associates were employed at Jetwing Yala, Jetwing Kaduruketha, Jetwing Lake, Jetwing Colombo Seven and Jetwing Surf. 41% of the associates are from the region of the properties.



Employee Benefits

The group's remuneration policy ensures that all associates are paid a fair and equitable market-related package according to their level of skill, competency, experience and qualifications as well as the role that they fulfill. In all areas of operation, the minimum wage is on par or higher than the statutory minimum wage. Other benefits include meals and associates welfare, which is provided to both the permanent and the contracted. A comprehensive insurance cover is provided to all executive grades of the Hotels while non - executive staff are covered by the workmen's compensation act of Sri Lanka.

Sustainability Review

Programs for skills development

Associate Training and Development Initiatives

Back to Basics Programs

A series of programs were conducted for associates in Housekeeping, Food and Beverage and Front Office departments at Jetwing Yala and Jetwing Lake. The objectives were to improve and refresh the basic knowledge and skills of both junior as well as senior associates in the above departments

Supervisory Training at Jetwing Lake

A three day development program was conducted for the supervisors of Jetwing Lake, with the aim of enhancing the supervisory skills and leadership approach to drive world class service levels at Jetwing Lake. The training was conducted at an external training centre, and was facilitated by experienced personnel from Rangiri Aqua Edutainment Academy

Wine Training

An in-depth, 2 day program on Jetwing wine and wine sales was conducted for Food and Beverage associates of all Jetwing Hotels. The objectives were to improve the knowledge of our associates with regards to Jetwing wine, as well as improve wine selling skills to boost wine sales at our properties

Pre-opening Training at Jetwing Surf

Comprehensive orientation and induction programs were conducted to welcome new associates who joined the latest property. Series' of departmental and operational training were conducted prior to beginning operations of Jetwing Surf

Tea Training by Heritage Tea

A special program was conducted by Heritage Teas, on the new varieties of tea introduced at Jetwing Hotels. The program aimed to improve the knowledge of associates with regards to the variety of products which will be offered to guests through the new Tea Menu

Restaurant Service and Interaction

Food and Beverage associates of Jetwing Lake, Jetwing Colombo Seven and Jetwing Yala underwent training programs on restaurant service and guest interaction in the restaurant. Associates were trained on the standard procedures as well as service techniques and skills to improve guest interaction leading to enhanced guest satisfaction

Diversity and Equal Opportunity

Jetwing Hotels strongly epitomizes its commitment to the role of an equal opportunity employer. Hence, the Jetwing Human Rights policy promises to its associates to act devoid of race, religion, gender, ethnicity and economic and social backgrounds. The company upholds its commitment to a harassment and discrimination free environment recognizing skills, knowledge and attitude for work. Further, the company strives to maintain a fair gender balance and equity in remuneration, with exceptions only in cases of difference in employment category, seniority, experience and qualifications. During the year under review, there were no material issues pertaining to employees and industrial relations.

Sustainability Review

Social Capital

The social responsibility framework adopted by Jetwing Hotels combines community involvement and ethical business practices. Although the hotels' presence extends to the community in terms of direct benefits such as employment opportunities and other long term economic benefits, several other initiatives are also carried out towards empowering the local community.

Local Procurement

As a business with an intricate supply chain, we are aware that our procurement decisions have a direct impact on the environment and the communities where our products originate. Our diverse supplier base comprises hundreds of registered suppliers who maintain a complex inflow of diverse goods and services required to serve our guests: ranging from food and beverages, guest amenities, operating supplies and equipment, furniture and fittings and other technology support systems. Recognizing that local economic participation contributes to the long term development of the community, a large proportion of our procurement budget is spent on transactions with local suppliers. We strive to be mindful of the local community and preferentially source from the vicinity and from sustainable sources whilst meeting our financial and quality requirements, reducing our carbon and water footprints in the process.

Jetwing Kaduruketha - Association with the farmers

50 of the 60 acres of land belonging to Jetwing Kaduruketha is traditional paddy land. To provide a lasting solution to the difficulties faced by the farming community and to uplift their lives, a partnership was formed with the local farmer families when Jetwing Kaduruketha was envisioned. Currently, the hotel involves 31 farmer families for the farming activities of its paddy acreage. At the onset of the cultivation season these farmers are given provisions for farming expenses such as purchase of seeds, fertilizers, labour and harvesting machinery; and at the end of the season, the total harvest is split equally between the farmers and the hotel. As there are no 'middle men' involved the farmers are free to sell their half as they see fit. This initiative gives an opportunity to the local farming community to build up resources, break away from the circle of debt and see their hard labour bring in some reward.

Community Outreach Initiatives

The hotels are strongly committed to the welfare, well being and advancement of the wider community. During the year under review, they conducted a full calendar of events, targeting various social groups and sectors of the general public, such as local school and university students, industry associates and community members. The events conducted include, regular beach/site cleanups, environmental programmes commemorating Earth Hour, World Environment Day and Tourism Day; and familiarization tours of the hotels highlighting their sustainable operations.

Jetwing Youth Development Project

The Jetwing Youth Development Project (JYDP) is an initiative designed to empower rural youth who are underprivileged and unable to pursue higher education. The training programme which is carried out free of charge to its participants, equips trainees with skills to find suitable employment within Jetwing Hotels as well as creating opportunities for them to find employment elsewhere within the hospitality industry.

Following the successful programmes held at Jetwing Yala, Jetwing Kaduruketha and Jetwing Lake previously, the 22nd programme under the JYDP initiative was completed at Jetwing Surf, where 16 youth who successfully completed theory, practical and on the job training were recruited to the hotel cadre. The JYDP programme was conducted in collaboration with the Vocational Training Authority (VTA) of Sri Lanka, where the training took place at the VTA training center in Pottuvil.

Sustainability Review

Environmental Capital

Environmental awareness and responsibility lies at the core of the Jetwing ethos. Most importantly, we have taken this from statement to fact across every aspect of business throughout our family of companies. Across all strategy and action, respect for eco-systems around our locations, environmentally friendly processes and care for natural resources are fundamental to Jetwing Hotels.

Our commitment to continuous improvement in key impact areas is outlined in Jetwing Hotels' Sustainability Strategy, with specific measures for maintaining a clean and healthy environment highlighted in the Jetwing Environmental Policy. Mindful of the fact that the long term viability of our business depends on the sustainability of the environment, we continuously review and proactively manage the use of resources through innovative measures and green features such as energy and water conservation, reduction in carbon emissions, efficient effluent and waste management, biodiversity conservation as well as sustainable procurement practices, and compliance with environmental regulations.

NB: Although an operational entity under the Jetwing Symphony portfolio, data on specific environmental management initiatives in respect to Jetwing Surf will not appear in this report, as this property has been in operation for only three months of the year under review.

Energy and Carbon Footprint

We at Jetwing understand and believe that energy is a valuable commodity and conservation of energy is the need of the hour. In this endeavor, our commitment to continually improve our energy performance is outlined in our Energy Management Policy; which consists of efficient and innovative energy management strategies to reduce our dependence on fossil fuels and to eventually achieve carbon neutrality in our operations.

The hotels' energy profile and greenhouse gas emissions from operations for the year 2017/18 is presented overleaf.

The hotels systematically track their energy usage levels and the savings it achieves through various conservation efforts. Reductions achieved due to energy efficiency improvements and use of renewable energy sources during the year under review, is summarized below. ►

Initiative		Annual Savings				CO ₂ not released (kg)
		Jetwing Yala	Jetwing Kaduruketha	Jetwing Colombo Seven	Jetwing Lake	
Energy efficient lighting ¹	kWh	196,408	17,356	140,494	73,046	216,472
Solar powered electrical system	kWh	459,290	-	30,496	284,652	392,330
Card key (room lighting) ²	kWh	14,672	1,765	20,616	9,377	23,521
Dual set point thermostat on A/C	kWh ³	-	-	27,033	-	13,695
	kg ⁴	326,261	-	-	90,255	-
LED televisions ⁵	kWh	6,768	98	9,729	4,529	10,701
Solar hot water system ⁶	Ltrs	13,938	4,726	-	15,721	93,003
Biomass boiler for hot water / Steam ⁶	Ltrs	178,282	-	-	82,441	705,204
Biomass cooking stoves ⁷	kg	9,668	1,402	-	2,085	39,365
Vapour Absorption Chiller ⁸	kWh	735,708	-	-	625,539	689,608
Biogas plant ⁷	kg	-	2,817	-	8,223	33,039

1. Calculated on 70% of bulbs being used for 6 hours per day and in comparison to incandescent/CFL bulbs

2. Calculated on 70% of bulbs being used for 6 hours per day

3. Calculated for 4 hours per day on un-occupied mode

4. Calculated for 4 hours per day on un-occupied mode, savings compared to biomass use (steam generation for VAC)

5. Calculated for use of 3 hours per day

6. Calculated compared to Diesel fuel

7. Calculated compared to LP Gas

8. Associated 'Net' financial savings

Sustainability Review

- 100% hot water requirement is generated via renewable energy sources - solar hot water panels during day time and a biomass boiler fuelled by Cinnamon wood, during night time
- Vapour Absorption Chiller, run sustainably via steam generated from a biomass boiler, caters the hotel's entire air conditioning requirement
- Cooking in the staff cafeteria is entirely fuelled through sustainable means; this includes the use of industrial biomass stoves and a rice steamer which is driven by the steam produced by the biomass boiler

At Jetwing Kaduruketha:

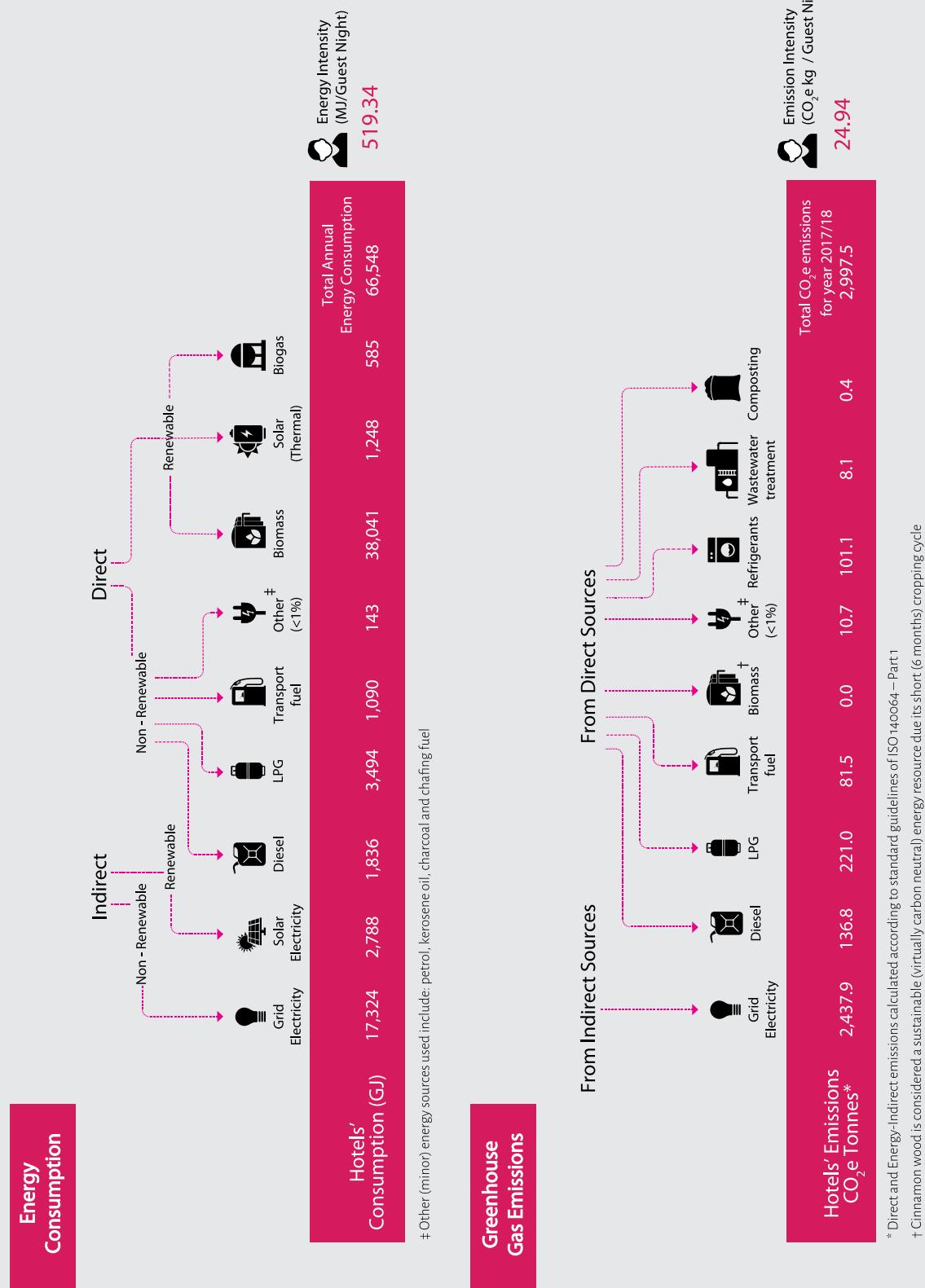
- Solar hot water panels cater the entire hot water requirement - excessive heat absorbed during the day is stored in a calorifier and used during night time
- Cooking in the staff cafeteria is entirely fuelled through sustainable means; this includes the use of cooking stoves fuelled by biogas (generated from the onsite biogas digester); and an industrial biomass stove

At Jetwing Colombo Seven:

- A 25kW_p rooftop solar PV system supplements the grid electricity connection during day time
- Water-to-water heat pumps - where ambient heat (generated from body heat, electronic equipment etc.) within airconditioned spaces, is used to generate hot water

At Jetwing Lake:

- 300 kW_p solar PV (electric) installation, generates approximately 40% of the daily electricity demand of the hotel. With an increased yield, the ground mount solar panels (of 250kW capacity) are bi-facial panels, which generate electricity even from the back of the panel - this is the first of its kind in Sri Lanka
- 100% hot water requirement is generated via renewable energy sources - solar hot water panels during day time and a biomass boiler fuelled by Cinnamon wood, during night time
- Vapour Absorption Chiller, run sustainably via steam generated from a biomass boiler, caters the hotel's entire air conditioning requirement
- Cooking in the staff cafeteria is entirely fuelled through sustainable means; this includes the use of cooking stoves fuelled by biogas (generated from the onsite biogas digester); and industrial biomass stoves



◀ Savings acquired from these measures, is not only beneficial for the environment in terms of reduced use of fossil fuels and reduced greenhouse gas emissions but incur direct benefits to the hotel in the long run as energy savings go hand in hand with cost savings.

Carbon dioxide (CO₂) makes up the vast majority of greenhouse gas emissions released during the combustion of fossil fuels to produce energy. Thus, in order to reduce the greenhouse gas emissions associated with the hotel's operations, Jetwing Hotels has actively reduced its national grid electricity consumption by both reducing its energy demand via energy conservation and efficiency improvement measures and promoting non-fossil fuel based (renewable) energy generation.

Initiatives to improve energy efficiency undertaken across the hotels include:

- Entire artificial illumination achieved through energy efficient LED lights
- Dual set point thermostats fitted in each (air conditioned) guest room, sets the air conditioner to an energy saving, set back temperature once the key card is removed
- Variable Frequency Drives (VFD) used to control the speed of motors according to the load requirement or climate conditions, have been introduced for pumps and motors where the installed electrical load is variable

Improving energy efficiency of the hotel buildings is considered at the concept stage of the properties itself and have they been designed to minimize the need of the artificial illumination and mechanical ventilation. This is particularly evident at Jetwing Kaduruketha and Jetwing Surf – where guest rooms do not feature air conditioners and provide ventilation through natural means. Natural cooling occurs mainly through the use of traditional steep-pitched roof designs and by wall constructions & openings which allow for the easy flow of fresh air. Heat gain to indoor spaces has also been minimized by the use of the natural material such as clay tiled roofs at Jetwing Kaduruketha and illuk (grass) covered roofs at Jetwing Surf.

Located in the tropics, Sri Lanka is ideally positioned to expand the use of renewable energy - clean power sources which reduce the strain on exhaustive resources while reducing operational expenses. Therefore significant strides had been made in the transition to renewable energy in Jetwing Hotels' journey towards achieving carbon neutrality.

At Jetwing Yala:

- 300 kW_p solar PV (electric) installation, generates approximately 35% of the daily electricity demand of the hotel

Sustainability Review

At Jetwing Surf:

- Hot water requirement of the hotel's kitchen & restaurant and staff accommodation premises is generated via a solar hot water system

In an effort for continuous improvement, further investments have been proposed for the next financial year; with the installation of a net-metered solar PV system at Jetwing Surf to offset the hotel's entire electricity requirement and the introduction of a biogas generation facility at Jetwing Yala

Water Conservation and Wastewater Management

Located in the remote dry zone, with no city water supply and scarce fresh water sources, the water requirement of Jetwing Yala, is produced

	Annual consumption (m³)				Proportion of total water requirement			
	Jetwing Yala	Jetwing Kaduruketha	Jetwing Colombo Seven	Jetwing Lake	Jetwing Yala	Jetwing Kaduruketha	Jetwing Colombo Seven	Jetwing Lake
Purchased water / City water supply	11,814		21,183	13,513	30%	0%	100%	28%
Ground water		8,398		34,981	0%	100%	0%	72%
RO product water	27,276				70%	0%	0%	0%

to minimize water consumption, reduce wastages and reuse wherever possible. Throughout the hotels, separate water meters have been installed in different functional units, allowing for daily monitoring of use and highlighting any abnormal use. Fixtures in use, such as taps, shower heads and toilet cisterns – were specifically chosen during the design stage, for their ability to conserve and prevent wastage.

100% of the wastewater generated at Jetwing Yala and Jetwing Lake is treated onsite and reused. From the design stage of the hotels itself, improving the efficiency of wastewater treatment and the reusability of the treated wastewater was considered. The hotels were designed in such a way that all grey water, black water and laundry wastewater generated at the hotel is collected and treated separately. All wastewater treatment is done via biological systems (anaerobic and aerobic) along with the gravity filtration systems; and the quality of discharged water is routinely checked by an accredited external company to ensure, it meets the required standards of the Central Environmental Authority. All grey water collected is treated and reused for the cooling towers and cisterns; and all black water collected is treated and reused for garden watering throughout the properties. Sludge collected from the wastewater treatment plant is sun-dried and used as a nutrient rich soil enhancer.

via the Reverse Osmosis (RO) plant onsite. The plant with an installed maximum production capacity of 200m³ per day, is used to desalinate and purify seawater to fresh water. With no access to the city water supply, Jetwing Kaduruketha is entirely dependent on groundwater sources which are filtered before use. With a restricted city water supply in the region, the water requirement of Jetwing Surf too, is met via groundwater sources. At Jetwing Lake, the city water supply is supplemented by groundwater extracted onsite to meet the hotel's fresh water requirement. Situated in an urban area, the water supply of Jetwing Colombo Seven is met entirely by the city water supply.

Understanding the scarcity of usable freshwater sources and recognizing the importance of its conservation, initiatives are taken during the inception of the hotel projects and their operation phase

digester - the product (bio)gas is used for stoves in the staff cafeteria.

All garden sweepings and other tree clippings collected from the hotels' premises, is composted onsite. The product compost is used as a nutrient rich soil enhancer in the hotel gardens. At Jetwing Colombo Seven, all food waste generated is sent to a local piggery to be used as animal feed. In order to effectively treat and recycle organic waste at Jetwing Surf, a windrow composting unit is proposed to be introduced onsite within the next financial year.

(Plastic) bottled water use remains a concern because of both the cost and emission of transporting from source to end user as well as the waste disposal problem that it creates in due course. To replace the use of the plastic bottled water with reusable glass water bottles, potable-water bottling plants were installed at the premises of Jetwing Lake and Jetwing Kaduruketha during the year in review.



Sustainability Review



Nestled upon a palm-fringed stretch of white sand, **Jetwing Surf** is located at the bottom of our east coast in Pottuvil – mere minutes away from the world-renowned surfing destination of Arugam Bay.

Risk Management

The risk management system of Jetwing Symphony Ltd, is structured to identify and control the risks specific to the industry in which it operates as well as general risks applicable to all entities. Therefore, appropriate systems, policies and procedures are in place in all areas of risk management and they are periodically reviewed to ensure adequacy and adherence. In the current business environment, change has become the norm rather than the exception. By managing threats to the business, in a changing environment effectively, particularly the major threats that may affect our business plans and strategic objectives, we are able to protect or enhance our key assets appropriately. The Risk Management Model of Jetwing Symphony is shown below:



The Jetwing Symphony Group identifies three main categories of risk:

1. Strategic and Market Risks

Risks that threaten the Group's high-level strategic objectives or risks from the external environment.

2. Operational Risks

Risks that arise from day-to-day operations of the Hotels.

3. Financial Risks

Risks of losses arising from the adverse movements in market prices, risks that may threaten the Group's ability to have sufficient funds to meet financial obligations and the failure of a customer to meet its contractual obligations.

Thereafter, each threat is assessed for potential impact and likelihood of occurring to quantify the associated risk. A Risk Heat Map is then used to plot the risk associated with each threat based on the above. The horizontal axis shows the likelihood of a given threat occurring, that is, the likelihood that the threat will materialise and become an issue. The vertical axis shows the potential impact that the threat will have on the objective or goal not being achieved should it materialise. The associated risks are then quantified and the colours are risk areas (eg, green coloured boxes are in the low area; yellow boxes are in the medium area; orange boxes in the high area, red boxes in the very high area)

Jetwing Symphony Risk Heat Map

	Likelihood				
	1 Unlikely 0% to 10%	2 Possible 10% to 40%	3 Likely 40% to 70%	4 Probable 70% to 90%	5 Almost Certain
Impact	5 Catastrophic	2.5			
4 Major		1.1, 1.2, 2.1, 3.4	1.3, 3.2, 3.3		
3 Moderate	2.2, 2.6	2.3, 2.4			
2 Tolerable	3.1	2.7			
1 Insignificant					

Risk Management

Risk Factors

In this section, we describe the foreseeable risks that could have a material effect on the Group's business operations, cash flow, financial condition, turnover, profits, asset integrity, liquidity and capital reserves. We provide information on the nature of the risk, an indication of the potential impact and actions taken to mitigate risk exposure. Some risks may not yet be known to Jetwing Symphony and some that Jetwing Symphony does not currently believe to be material, could later turn out to be material.

1. Strategic and Market Risks

1.1. Business Risk

Risk Rating

Medium

Potential Impact	Actions Taken to Mitigate Risk
<ul style="list-style-type: none"> The inability of the Group to achieve its business objectives Reduced revenue, cash flow and profitability Hinder future growth 	<ul style="list-style-type: none"> Detailed operational and capital expenditure budgets are formulated on an annual basis and formally approved by the Board. These plans are thereafter monitored and reviewed by the Board to assess actual performance against those planned and take remedial action wherever necessary. Project feasibility studies are conducted for all major investments Implementation of cost control procedures and innovative cost saving initiatives particularly with regard to energy costs Performing Competitor analyses

1.2. Political, Economic and Environmental Risks

Risk Rating

Medium

Potential Impact	Actions Taken to Mitigate Risk
<ul style="list-style-type: none"> Major events affecting either economic or political stability on a global and local level represent a threat to the Group Reduced revenue, increased operating costs resulting in reduced profitability and cash flows Control over the ownership of assets 	<ul style="list-style-type: none"> Management regularly reviews political and economic developments and seeks to identify emerging risks at the earliest opportunity. Being a member of Tourist Hotels Association of Sri Lanka, and working closely with them and other various trade associations, relevant authorities and lobby groups to create a better economic environment at all times.

Events that adversely impact domestic or international travel	Occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflicts, epidemics, natural disasters, increased cost of travel and industrial action. Reduced demand will impact on revenues and operational profitability	The Group has in place contingency and recovery plans to enable it to respond to major incidents or crises.
Risks from natural or man-created disasters	Loss of assets	Transferring risks to third parties through insurance policies. The adequacy of insurance covers is regularly reviewed and adjusted when necessary.

1.3. Competitive Risk	Risk Rating	High
Potential Impact	Actions Taken to Mitigate Risk	
Group is exposed to the risks of the hotel industry supply and demand cycle such as competitive actions from existing hotels and new entrants increasing room supply	<ul style="list-style-type: none"> Future operating results could be adversely affected by industry over-capacity of rooms Reduction in market share (lower occupancies) and rates resulting in reduced revenues, increase in marketing expenses reduced cash flows and profitability <ul style="list-style-type: none"> Providing a unique service quality associated with Jetwing brand only Consistently delivering service quality to influence consumer preference and creating and maintaining value perception Make timely investments to upgrade the facilities Maintain the long term relationships with major tour operators 	

2. Operational Risks

2.1. Reputation and Intellectual Property Rights Risk	Risk Rating	Medium
Potential Impact	Actions Taken to Mitigate Risk	
<ul style="list-style-type: none"> Group is reliant on the reputation of its brand and the protection of its intellectual property rights 	<ul style="list-style-type: none"> Service quality may not be delivered in accordance with the Jetwing standards Reduced brand value, market share, revenues, profitability and cash flows Increase Group's exposure to litigation 	
<ul style="list-style-type: none"> Continuous monitoring and review of online customer reviews and ratings Investments made in protecting the Group's brand from misuse and infringement, by way of trade mark registration and domain name protection Monitoring adherence to Group safety, operating and quality standards or the significant regulations applicable to hotel operations Provide regular training to associates to educate on the quality standards and new developments in the hospitality industry 		
2.2. Demand	Risk Rating	Medium
Potential Impact	Actions Taken to Mitigate Risk	
<ul style="list-style-type: none"> Adverse impact on group turnover due to shift in demand from traditional source markets to new emerging markets 	<ul style="list-style-type: none"> Reduce room nights, revenue Lower room rates due to lower occupancy 	
<ul style="list-style-type: none"> The Group and hotels are well represented at international trade fairs Increase registration with Online Travel Agents Increase presence in social media channels Maintain the long term relationships with major tour operators 		
2.3. Employee Risk	Risk Rating	Medium
Potential Impact	Actions Taken to Mitigate Risk	
<ul style="list-style-type: none"> Failure to attract and retain skilled employees may threaten the success of the group's operations 	<ul style="list-style-type: none"> Inability to achieve planned business objectives Reduced quality of standards resulting in reduced guest satisfaction 	
<ul style="list-style-type: none"> Development and maintenance of a Group culture, compensation and benefits arrangements, training and development are key activities carried out Initiate Jetwing Youth Development Project 		

2.4. Technology Risk		Risk Rating	Medium
	Potential Impact	Actions Taken to Mitigate Risk	
● Failure to embrace emerging technology or implement existing technology correctly.	<ul style="list-style-type: none"> ● Inaccurate information ● Reputation and performance of the group will be adversely affected ● Worsening efficiency, loss of competitive advantage 	<ul style="list-style-type: none"> ● Regular review of systems and upgrades where appropriate ● Introduction of new technology where possible and appropriate. 	
2.5. Project Implementation Risk	Risk Rating	High	
	Potential Impact	Actions Taken to Mitigate Risk	
● Inaccurate assessments of project cost and time.	<ul style="list-style-type: none"> ● Cost overruns ● Delays in project implementation may cause loss of earnings 	<ul style="list-style-type: none"> ● Establish project cost and timelines in consultation with stakeholders ● Monitor project progress with budgeted cost and time 	
2.6. Statutory and Legal Risk	Risk Rating	Medium	
	Potential Impact	Actions Taken to Mitigate Risk	
● Threat of litigation due to legal and statutory requirements not being fulfilled	<ul style="list-style-type: none"> ● Legal fees and penalties resulting in reduced profitability ● Adverse impact on reputation ● Loss arising from defective contracts 	<ul style="list-style-type: none"> ● Group continues to monitor changes in the regulatory environment in which it operates ● Statutory declaration is made to Board each quarter ● Compliance audits are included in the scope of the internal audit programme ● Engage professional consultants to review contracts 	
2.7. Internal Operational Processes	Risk Rating	Medium	
	Potential Impact	Actions Taken to Mitigate Risk	
● Threat of financial loss due to breakdown in internal controls	<ul style="list-style-type: none"> ● Internal process failures ● Fraud ● Loss of data 	<ul style="list-style-type: none"> ● Outsource internal audits to reputed Audit Firms to review and report on the adequacy of the financial and operational controls ● Defined systems and procedures are in place to ensure compliance with internal controls ● Adequate fidelity covers are obtained 	

3. Financial Risks		
3.1. Credit Risk	Risk Rating	Low
	Potential Impact	Actions Taken to Mitigate Risk
● Threat arising due to default of payment	<ul style="list-style-type: none"> ● Reduce profitability ● Increase working capital 	<ul style="list-style-type: none"> ● Credit is provided only for credit approved agents. Credit approval is granted by the Credit Committee at "Jetwing House" and credit approved list has been prepared ● Actively monitor and review debtors
3.2. Exchange Rate Risk	Risk Rating	High
	Potential Impact	Actions Taken to Mitigate Risk
● Threat arising due to the volatility in foreign currency exchange rates	<ul style="list-style-type: none"> ● Impact on profitability on translation of foreign currency transactions 	<ul style="list-style-type: none"> ● As far as possible, enter into sales contracts with tour operators/agents in USD ● Monitor the exchange rates on a daily basis
3.3. Interest Rate Risk	Risk Rating	High
	Potential Impact	Actions Taken to Mitigate Risk
● Threat arising from the volatility of fair value or future cash flows of a financial instrument fluctuating because of changes in market interest rates	<ul style="list-style-type: none"> ● Reduced profitability ● Reduced cash flows 	<ul style="list-style-type: none"> ● Negotiate favourable terms and conditions with banks for loan facilities obtained
3.4. Liquidity Risk	Risk Rating	Medium
	Potential Impact	Actions Taken to Mitigate Risk
● Risk that the group will not be able to meet its financial obligations as they fall due.	<ul style="list-style-type: none"> ● Reduced cash flows ● Reduced profitability 	<ul style="list-style-type: none"> ● Monitor and review bank balances regularly ● Preparation and review of actual performance against the budget monthly.



Nestled in the midst of lush paddy fields and rolling hills, **Jetwing Kaduruketha** has been designed to resemble a traditional village surrounded by rural Sri Lankan landscapes.



Stewardship

Jetwing Symphony PLC continues to be committed to conducting the group's business ethically and in accordance with high standards of good corporate governance.

The Board has appointed Jetwing Hotels Ltd. as the managing agents of the Hotels in the Group.

We set out below the corporate governance practices adopted and practiced by Jetwing Symphony PLC and compliance with the Rules set out in Section 7 of the Listing Rules of the Colombo Stock Exchange:

Board of Directors

Executive Director

Mr. N.J.H.M. Cooray
(Chairman)

Non-Executive Directors

Ms. N.T.M.S. Cooray, Mr. G. Rocchi

Non-Executive Independent Directors

Mr. N. Wadugodapitiya, Ms. K. Reddy, Mr. L. Porter, Dr. V. Kannangara, Ms. Y Fernando, Mr. S. D Amalean (w.e.f 29th January 2018)

The Board meets regularly and adhoc meetings are held as and when necessary. During the year under review, the Board met on five occasions. The attendance at these meetings was:

Name of the Director		Attendance
Mr. N. J. H. M. Cooray	Executive Director	5/5
Ms. N. T. M. S. Cooray	Non-Executive Director	5/5
Mr. N. Wadugodapitiya	Non-Executive Independent Director	5/5
Dr. V.J. Kannangara	Non-Executive Independent Director	5/5
Mr. L.K. Porter	Non-Executive Independent Director	5/5
Ms. K.K. Reddy	Non-Executive Independent Director	4/5
Mr. G. Rocchi	Non-Executive Director	1/5
Ms. T.M.J.Y.P. Fernando	Non-Executive Independent Director	5/5
Mr. S.D. Amalean *(Appointed w.e.f. 29th January 2018)	Non-Executive Independent Director	1/1

Corporate Governance

Responsibilities

The Directors of the Company are responsible for formulation of group policy and overall business strategy. The implementation of policy and strategy is done in a framework that requires compliance with applicable laws and regulations as well as establishing best practices in dealing with employees, customers, suppliers and the community at large.

The annual capital expenditure budgets, non-budgeted capital expenditure and the annual budgeted operating statements require Board approval. The Board meets regularly to review performance and forecasts against budgets so as to take decisions in the best interest of the Company. The managing agents are represented at these meetings and are responsible for follow-up action. Directors' interests in contracts are regularly disclosed and such disclosures pertaining to year ended 31st March, 2018 can be seen on page 59 in the Directors' Report.

The Board is responsible to ensure that adequate systems of internal controls to safeguard the assets of the group are in place and proper records are maintained. However, any system can ensure only reasonable but not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame.

Chairman's Role

The Chairman is responsible for the efficient conduct of Board meetings. The Chairman maintains close contact with all Directors and holds informal meetings with Non-Executive Directors as and when necessary.

Board Balance

The composition of the Executive and Non-Executive Directors (the latter are over one-third of the total number of Directors) satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The Board has determined that six Non-Executive Directors satisfy the criteria for 'independence' set out in the Listing Rules of the Colombo Stock Exchange.

Non-Executive Directors' profiles reflect their calibre and the weight their views carry in Board deliberations.

The Chairman of the Company is also the Chairman of Jetwing Hotels Ltd., the managing agents.

Company Secretary

The services and advice of the Company Secretary are made available to Directors as necessary. The Company Secretary keeps the Board informed of new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.

Corporate Governance

Financial Acumen

The Board, includes one Chartered Accountant and two Chartered Management Accountants who possess the necessary knowledge and competence to offer the Board guidance on matters of finance.

Supply of Information

Directors are provided with quarterly reports on performance and such other reports and documents as necessary. The Chairman ensures all Directors are adequately briefed on issues arising at meetings.

Appointments to the Board

The Board as a whole decides on the appointment of Directors, in terms of the Articles of Association of the Company.

Constructive Use of the Annual General Meeting

The active participation of shareholders at the Annual General Meeting (AGM) is encouraged. The Board believes, the AGM is a means of continuing effective dialogue with shareholders.

The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the Financial Statements for the year.

Communication with Shareholders

Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Company considers as its principal communication with them and other stakeholders. These reports are also provided to the Colombo Stock Exchange.

Shareholders may bring up concerns they have, either with the Chairman or the Secretaries of the Company as appropriate. The Company maintains an appropriate dialogue with them.

Accountability and Audit

Financial Reporting

The Board places great emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality and on the adoption of sound reporting practices. Financial information is disclosed in accordance with the Sri Lanka Accounting Standards comprising SLFRS and LKAS. Revisions to existing accounting standards and adoption of new standards are carefully monitored.

The Statement of Directors' Responsibilities for the Financial Statements is given in page 62 of this Report.

Going Concern

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

Audit Committee

Jetwing Symphony PLC constituted its own Audit Committee on 1st August, 2014. The Committee consists of two Independent Non-Executive Directors of the Company. The meetings of the Audit Committee were attended by the Chairman, Managing Director, Executive Director, General Manager, Chief Accountant and the Financial Controller by invitation when matters relating to the group were taken up for discussion. The External Auditor/Internal Auditor attended the meetings when his presence was deemed necessary.

The Audit Committee has written terms of reference and is empowered to examine any matters relating to the financial affairs of the group and its internal and external audits.

The Committee reviewed the Financial Statements, internal control procedures and risk management, accounting policies, compliance with accounting standards, emerging accounting issues and other related functions that the Board required. It also reviews the adequacy of systems for compliance with the relevant legal, regulatory and ethical requirements. Significant issues discussed by the Committee at the reviews were communicated to the Board of Directors for their consideration and action.

The Audit Committee helps the Company to achieve a balance between conformance and performance.

Members of the Audit Committee	Attendance at the Meeting
Mr. N. Wadugodapitiya (Chairman)	Non-Executive Independent 3/3
Ms. K.K. Reddy	Non-Executive Independent 3/3

The Audit Committee recommends the appointment and fees of the External Auditors, having considered their independence and performance.

The Audit Committee Report appears on page 56 of this Report.

Stewardship

Stewardship

Remuneration Committee

Jetwing Symphony PLC constituted its own Remuneration Committee on 8th May, 2017. The Committee consists of three Independent Non-Executive Directors. The Remuneration Committee report appears on page 58 in this report.

Related Party Transactions Review Committee

The Company has its own Related Party Transactions Review Committee. The Committee consists of three Independent Non-Executive Directors. During the year under review, the Committee met on two occasions. The attendance at these meetings was:

Members of the Related Party Transactions Review Committee	Attendance at the Meeting
Mr. N. Wadugodapitiya (Chairman)	Non-Executive Independent 2/2
Ms. T.M.J.Y.P. Fernando	Non-Executive Independent 1/2
Dr. V.J. Kannangara	Non-Executive Independent 1/2

The Related Party Transactions Review Committee Report appears on page 57 in this Report

Corporate Governance

Rule No.	Subject	Applicable requirement	Level of compliance	Compliance details
7.10.1	Non-Executive Directors	At least one-third of the total number of Directors should be Non-Executive Directors	Complied	Eight out of Nine Directors are Non-Executive Directors
7.10.2 (a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher should be Independent	Complied	Six of the Eight Non-Executive Directors are Independent
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of his independence/non-independence in the prescribed format.	Complied	Non-Executive Directors have submitted the declaration
7.10.3 (a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	Complied	Please refer page 49
7.10.3 (b)	Disclosure relating to Directors	The basis for Board to determine a Director as independent, if specified criteria for independence is not met	Complied	Please refer page 49
7.10.3 (c)	Disclosure relating to Directors	A brief résumé of each Director should be included in the Annual Report including the areas of Expertise	Complied	Please refer pages 53 to 55
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief résumé of new Directors appointed to the Board with details specified in 7.10.3 (d) to the CSE	Complied	A brief résumé provided to the CSE
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Complied	Company has formed a Remuneration Committee
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of Non-Executive Directors a majority of whom will be independent	Complied	Remuneration Committee consists of three Independent Non-Executive Directors
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors	Complied	Please refer Remuneration Committee Report on page 58

Corporate Governance

Rule No.	Subject	Applicable Requirement	Level of compliance	Level of Compliance
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out:	Complied	Names of the members of the Remuneration Committee are stated in this report under the heading of Remuneration Committee on page 131
		(a) Names of Directors comprising the Remuneration Committee		Please refer Remuneration Committee Report on page 58
		Statement of Remuneration Policy		Given in this Report under the heading of Directors' Remuneration on page 59
7.10.6	Audit Committee	The Company shall have an Audit Committee	Complied	Company has formed an Audit Committee
7.10.6 (a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors, a majority of whom will be independent	Complied	Audit Committee consists of two Independent Non-Executive Directors
		Non-Executive Director shall be appointed as the Chairman of the Committee	Complied	Chairman of the Audit Committee is an Independent Non-Executive Director
		Chief Executive Officer and the Chief Financial Officer shall attend Audit Committee meetings unless otherwise determined	Complied	Chairman, Managing Director, Executive Director, General Manager and Chief Financial Officer attend meetings by invitation
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Complied	Chairman of the Audit Committee is a Fellow Member of the Chartered Institute of Management Accountants – UK
		Should be as outlined in the Section 7 of the Listing Rules of the Colombo Stock Exchange	Complied	The terms of reference of the Audit Committee adopted by the Board is listed on page 50
7.10.6 (c)	Disclosure in the Annual Report relating to the Audit Committee	Names of Directors comprising the Audit Committee stated in this Report under the heading of Audit Committee	Complied	Names of the members of the Audit Committee are stated in this Report under the heading of Audit Committee on page 131
		(b) The Audit Committee shall make a determination of the independence of the Auditors and disclose such determination	Complied	Please refer Audit Committee Report on page 56
		The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions	Complied	Please refer Audit Committee Report on page 56

Board of Directors and their Profiles

N. J. H. M. Cooray Chairman	Hiran Cooray has over 30 years of experience in the hospitality industry. He has represented Sri Lanka on the Board of the Pacific Asia Travel Association (PATA) since 1996 and had the honour of being the organization's Chairman from 2010 to 2012. In addition to his degree from the University of North Carolina in Business Administration/Marketing, he successfully completed a senior management course in Hotel Management at Cornell University, Ithaca, New York. Whilst holding over 50 directorships in various Hotels and related companies, he has also held the positions of President of the Tourist Hotels Association of Sri Lanka (2005-2008 and 2014-2016), and Chairman of PATA Sri Lanka Chapter (2003-04). Hiran has also served as a board member of the Sri Lanka Tourism Promotions Bureau (SLTPB) having already served as a board Director of the Sri Lanka Tourism Development Authority (SLTDA) from 2007-2015. In addition, Hiran has also been a Member of the Board of Small Luxury Hotels, from 2007-2014. He regularly represents Sri Lanka and the Asia Pacific at tourism related international forums as a speaker/panelist. Recently, Hiran's expertise and reputation in tourism was recognized globally by his appointment as an Alternate Member of the UNWTO (United Nations World Tourism Organization) - World Committee on Tourism Ethics at the UNWTO General Assembly held in Zambia/Zimbabwe in August 2013. He is passionate about his country's potential to be a leading tourism destination and continues working tirelessly in order to make his dreams a reality.
N T M S Cooray (Ms.) Non-Executive Director	Shiromal Cooray is the Managing Director of Jetwing Travels (Pvt) Ltd, one of the largest inbound tour operators to Sri Lanka. She holds several other directorates and serves as an Independent Non-Executive Director at Commercial Bank of Ceylon PLC. She is a past President of Sri Lanka Association of Inbound Tour Operators and was the former Finance Director of J. Walter Thompson Ltd (JWT) Colombo and has work experience in finance in the UK and Hong Kong. She holds an MBA and is a Fellow Member of the Chartered Institute of Management Accountants of the UK. She was a past Chairperson of Sri Lanka Institute of Directors (SLID). She is also a Member of the Tourism Task Force representing the industry to take Policy Decisions for long-term sustainability of the industry.
K.K. Reddy (Ms.) Non-Executive Independent Director	Ms. Kamini Reddy is a Director of Reddy Group. Reddy Group is a private family business with investments in hotels, real estate, construction, financial services, engineering equipment and education. Tanoa Hotel Group is the hospitality arm of Reddy Group and presently has 10 South Pacific hotel properties covering Fiji, Samoa, Tonga and New Zealand, offering 876 rooms and employing over 800 staff. Kamini oversees the group's finance, corporate affairs and strategy functions. Kamini has significant global experience having past roles as Regional Finance Director, Hilton Worldwide (Asia) and Group Planning and Regional Finance roles for Fonterra (New Zealand and Asia). She has also worked for Ernst & Young in Auckland, New York and London. Kamini graduated from the University of Auckland in New Zealand with a Bachelor of Commerce and a Bachelor of Arts (Accounting and Japanese double major). She has also completed the Owner/President Management Program at Harvard Business School. Kamini is a member of Chartered Accountants Australia and New Zealand and the Institute of Internal Auditors.

Board of Directors and their Profiles

Nihal Wadugodapitiya

Non-Executive Independent Director

Is a Fellow member of the Chartered Institute of Management Accountants, UK. His business experience spans over 40 years in senior management positions both in private and public sector institutions in Sri Lanka and in Abu Dhabi, UAE, of which 20 + years has been in the position of Chief Executive of private companies. He has served in organizations involved in manufacturing, light engineering, FMCG marketing and distribution, private equity fund management, air lines and services sectors. He has served on several boards of Directors including companies engaged in financial services, venture capital / private equity fund management, fabric manufacturing, thermal power generation, plantation management, marketing and distribution and flexible packaging and light engineering. At present he is a Business Development Consultant providing strategic guidance to small and medium scale enterprises.

Len Porter

Non-Executive Independent Director

With over 40 years of overseas exposure and international business experience, Len specializes in building stakeholder relationships and anticipating threats and opportunities to longer term business growth. He is a "systems" thinker and has a leading edge understanding of risk and knowledge based decision making. Len last served as the Chief Executive of the Rail Safety and Standards Board UK in a term that lasted 11 years. Earlier in his career he founded his own successful international business which he took to sale in the mid 1990's. Len is also an independent Non Executive Director of LPA Group Ltd and Angel Trains Group Ltd. He has a passion for sustainable development and as chair of the Sustainable Rail Programme was responsible for getting SD principles embedded in government specification and subsequent industry business planning. Len holds a BSc (Hons) in Metallurgy, is a past member of the Institute of Asset Management and as a former professionally qualified commercial diver has a particular interest in the marine environment. A self-proclaimed Lanka-phile, Len counts Sri Lanka as his second home and is driven by a passion to promote the country as a leading edge tourism destination.

Dr. V. Kannangara

Non-Executive Independent Director

Dr. Vijith Kannangara is the Founder and Executive Chairman of Smart Media The Annual Report Company. He is also co-founder and Chairman of the software company, Affno and the independent advertising company, Q&E. He serves on the board of The Children's Heart Project of Sri Lanka and on the Council of The National Stroke Association, Sri Lanka. Vijith is a medical doctor turned entrepreneur. In 2006, The Chartered Institute of Marketing in UK conferred an Honorary Fellowship on him. His interests include the future of education, global citizenship, environment, natural health and regenerative agriculture.

Stewardship

Stewardship

Board of Directors and their Profiles

G. Rocchi

Non-Executive Director

Giuseppe Rocchi, an Italian national, has over 36 years' experience in the running of family owned businesses ranging from garments production, Italian restaurants, and home-made ice cream production and hospitality. Giuseppe Rocchi has been in Sri Lanka since 1994 and has set up a number of businesses.

Giuseppe Rocchi is the Managing Director of Textile International Colombo (Pvt) Limited-BOI Project, Ceccato Colombo (Pvt) Limited-BOI Project, Value Maker Holdings (Pvt) Limited and LUPA Investments (Pvt) Limited-BOI Project. These entities' carry the business of production of garments and homemade ice cream, operators of Italian restaurants, doing trading of Italian products, Illy coffee, San Pellegrino table water, and "Camagni" Luxury Kitchen Furniture.

LUPA Investments is to carry out a real estate project consisting of commercial and residential properties.

Giuseppe Rocchi is also a director and a shareholder of Infondi SpS, an Italian registered entity that acts as Holding company of a number of family owned entities, which possess various hotels, immovable properties, as well as, an Italian garment manufacturing company.

T. M. J. Y. P. Fernando (Ms.)

Non-Executive Independent Director

Mrs. Yvette Fernando currently serves as an Assistant Governor of the Central Bank of Sri Lanka in charge of the departments of Bank Supervision, Exchange Control and Currency. She possesses over 25 years of experience in operational and policy matters relating to implementing regulatory and supervisory framework for banks. She joined the Central Bank of Sri Lanka in 1990 and worked in the departments of Banking Development and Bank Supervision. She was appointed as the Director of Bank Supervision in August, 2009 and was responsible for overall regulation and supervision of licensed banks in Sri Lanka and administering the Deposit Insurance Scheme operated by the Central Bank. Mrs. Fernando was appointed as the Controller of Exchange since September 2015 to head the Exchange Control Department, which is assigned with the task of discharging the statutory responsibilities under the Exchange Control Act. In August 2017 she was promoted as an Assistant Governor. Mrs. Fernando has participated in several local and international training programmes, seminars and other forums to enhance and update the knowledge on different aspects of bank supervision and regulation, general banking operations, good governance practices, resolutions of weak banks and leadership skills. She has been a resource person in several training programmes and panel discussions on work related subjects, both local and overseas. Mrs. Fernando holds a B. Com (Special) Degree from the University of Sri Jayawardenapura, Sri Lanka and Master of Financial Economics from the University of Colombo, Sri Lanka.

Sharad Amalean

Non-Executive Independent Director

Deputy Chairman

- Co-Founder and CEO – MAS
- Board Member – Rainforest Eco Lodge (Private) Limited

A former student of Royal College Colombo, Sharad went on to complete his Executive Education at the Wharton School of the University of Pennsylvania. He is a Co-Founder and Deputy Chairman of MAS, and currently serves as the Chairman of the Joint Apparel Association Forum.

Sharad is instrumental in formulating and implementing MAS' strategy and plays a key role in developing partnerships with global industry leaders. His commitment and leadership has ensured that MAS continues to grow as one of Sri Lanka's leading corporate entities.

Sharad's background in finance makes him a formidable negotiator, strategizer and holistic thinker. A disruptor and an advocate of change, Sharad excels at managing people and resources, and is known for his unique style of coaching and listening. He believes in making informed decisions, is action oriented and excels at follow through. His persistence, attention to detail and ability to foresee opportunity makes him a key driving force in the Sri Lankan Apparel & Textile Industry.

Audit Committee Report

The Audit Committee, comprises two Non-Executive Independent Directors (as shown on page 131 of the Annual Report). The Chairman of the Audit Committee is a Fellow Member of the Chartered Institute of Management Accountants, UK. The Audit Committee met on three occasions during the period.

The Chairman, General Manager of the Hotel, Chief Accountant of the Hotel, Managing Director, Executive Director and the Financial Controller of the managing agents attend meetings of the Audit Committee by invitation. The Committee is empowered to examine any matter relating to the financial reporting systems and its internal and external audits. Its duties include detailed reviews of Financial Statements of the Company and its subsidiaries, internal control procedures, accounting policies and compliance with accounting standards. It also reviews the adequacy of systems for compliance with the relevant legal, regulatory and ethical requirements and company policies.

The Committee endeavours to assist the Directors to discharge their duties and responsibilities in respect of regulatory compliance and risk management

The following activities were carried out by the Committee:

- The Committee reviewed the Quarterly Accounts of the Group and has recommended same to the Board for approval and publication.
- Committee reviewed the policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group and made recommendation to the Board. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board informed at regular intervals.
- The Committee held meetings with the External Auditors to review their report on audit results and the preparation of the Annual Report to ensure the reliability of the process, consistency of the Accounting policies and methods and compliance with Sri Lanka Accounting Standards.
- Recommendations made by the External Auditors were also discussed with the Board and implementation recommended to Management by the Committee.
- The Audit Committee also monitors the effectiveness of the Internal and Financial Control procedures on the basis of the reports and findings submitted by the Internal Auditors of Yala Properties (Pvt) Ltd, Messrs PricewaterhouseCoopers.

- The Audit Committee also monitors the timely payments of all statutory obligations.
- The Company's budget proposals are also reviewed by the Audit Committee.
- The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure their independence as Auditors has not been compromised.

The Audit Committee is satisfied that the control environment prevailing in the organization provides reasonable, but not absolute assurance that the financial position of the Group is adequately monitored and that the systems are in place to minimize the impact of identifiable risks.

As far as the Directors are aware, the Auditor does not have any relationship (other than that of an Auditor) with the Company nor any of its subsidiaries other than those disclosed above. The Auditors also do not have any interest in the Group. For the said reasons that the Committee determined that Auditors are independent.

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young may continue as Auditors for the financial year ending 31st March, 2019.



Nihal Wadugodapitiya
Chairman - Audit Committee

11th May, 2018

The Related Party Transactions Review Committee was formed by the Board of Directors with effect from 8th May, 2017. As at 31st March, 2018 it comprised three Non-Executive Independent Directors (as shown on page 131 of the Annual Report). Chairman of the Committee is a Non-Executive Independent Director.

Scope of the Committee

Developing and recommending for adoption by the Board of Directors of the Company, a Related Party Transactions Policies and Procedures.

Updating the Board of Directors on the related party transactions of the Group on a quarterly basis.

Making immediate market disclosures on applicable related party transactions as required by Section 9 of the Continuing Listing Rules of CSE.

Making appropriate disclosures on related party transactions in the Annual Report as required by Section 9 of the Continuing Listing rules of CSE.

Policies and Procedures adopted by the Committee

The Company has in place a Related Party Transaction identification and disclosure procedure whereby the categories of persons who shall be considered as 'related parties' has been identified. In accordance with the above procedure, self-declarations are obtained from each Director/Key Management Personnel of the Company for the purpose of identifying parties related to them. The Committee endeavours to meet at least quarterly, review and report to the Board on matters involving related party transactions falling under its scope.

Committee Meetings

The Committee met on two occasions during the financial year. Proceedings of the Committee meetings are regularly reported to the Board of Directors.

Related Party Transactions during the Period

During the period under review, there were no non-recurrent nor recurrent related party transactions that exceeded the threshold mentioned in the continuing listing rules of the CSE other than those disclosed in page 128.

Details of other related party transactions entered into by the Company and its subsidiaries during the above period is disclosed in Note 22 in page 108 to 110 to the Financial Statements.



Nihal Wadugodapitiya
Chairman

Related Party Transactions Review Committee
11th May, 2018

Remuneration Committee Report

The objectives of the Remuneration Committee are to review and approve overall remuneration philosophy strategy policies and practices including performance pay schemes and benefits. The policy is to prepare the compensation packages to attract and retain highly qualified experienced workforce and reward performance, bearing in mind the business performance and long-term shareholder returns. The Committee comprises three Non-Executive Independent Directors, whose names are disclosed on page 131 of the Annual Report. The members of the Committee met once in the year under review. The aggregate remuneration paid to Directors is set out in page 59.



Dr. V. Kannangara
Chairman – Remuneration Committee
11th May, 2018

Stewardship

Financial Reports

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

The Directors of Jetwing Symphony PLC present their Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2018.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and are guided by recommended best accounting practices.

Review of the Year

The Chairman's Letter and the Management Discussion and Analysis describe the year's operations, financial performance, sustainability review and details of the future development of the Company.

The Principal Activity of the Company

Jetwing Symphony PLC is an investment holding company.

The principal activity of the companies in the Group is hoteliering and there has been no change in the nature of such activity during the year.

Financial Statements

The Financial Statements of the Company and the group duly signed by Directors are given on pages 66 to 114 in this Annual Report.

Auditor's Report

The Auditor's Report on the Financial Statements is given on page 63 to 65.

Accounting Policies

The accounting policies adopted by the group in the preparation of Financial Statements are given on pages 72 to 86 in this Annual Report.

The accounting policies adopted are consistent with those of the previous financial year.

Related Party Transactions

The Company has complied with the rules set out in Section 9 of the Listing Rules pertaining to Related Party Transactions.

Interests Register Directors' Interests in Transactions

The Directors of the Company have made the general disclosure of interest as 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 pages 115 to 123.

Directors' Interests in Shares

There were no changes in the Directors' direct shareholdings during the year other than purchase of 25,000 shares by Mr. N. Wadugodapitiya.

Directors' Shareholding

	Directors' Direct Shareholding	
	As at 31st March, 2018	As at 1st April, 2017
Mr. N.J.H.M. Cooray	21,060,311	21,060,311
Ms. N.T.M.S. Cooray	19,179,297	19,179,297
Mr. N. Wadugodapitiya	25,000	-

Directors' Remuneration

The aggregate emoluments paid to the Non-Executive Directors during the year, amounting to Rs. 1,800,000/- is reflected on page 109 in Note 22.3 to the Financial Statements.

Insurance and Indemnity

The Company has obtained a Corporate Guard insurance policy from Allianz Insurance Lanka Ltd to indemnify Directors and Officers (D&O) of the Company. The policy is extended worldwide including USA and Canada with a total cover of Rs. 50,000,000/. The premium is Rs. 375,000/- +Taxes.

Directorate

Names of the Directors who held office during the financial year are given below:

Executive Director

Mr. N.J.H.M. Cooray (Chairman)

Non-Executive Directors

Ms. N.T.M.S. Cooray, Mr. G. Rocchi

Non-Executive Independent Directors

Mr. N. Wadugodapitiya, Ms. K. Reddy, Mr. L. Porter, Dr. V. Kannangara, Ms. Y. Fernando,

Mr. S.D. Amalean (Appointed w.e.f 29th January 2018)

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

Subsidiaries Board of Directors

The names of Directors of the subsidiary companies who held office as at 31 March 2018 are set out on pages 121 in this Annual report.

Donations

At the last Annual General Meeting shareholders authorised Directors to determine contributions to donations. The donations given during the year amounted to Rs. 198,518/-.

Taxation

A detailed statement of the income tax rates applicable to the subsidiary companies in the group and a reconciliation of the accounting profits with the taxable profits are given in Note 2.7.9 and Note 18 respectively to the financial statements.

Auditors

Messrs Ernst & Young, Chartered Accountants are deemed reappointed, in terms of Section 158 of the Companies Act No. 07 of 2007 as 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.

	2018 Rs.	2017 Rs.
Profit/(Loss)		
Net Profit/(Loss) for the year after providing for all expenses, known liabilities and depreciation of fixed assets attributable to equity holders was	(341,859,583)	(133,807,826)
Other Comprehensive Income	(615,697)	361,314
Cost of share issue	(16,846,779)	-
Prior Year Retained Profit/(Loss)	(485,821,600)	(352,375,088)
Retained Profit/(Loss) at the End of the Year	(845,143,659)	(485,821,600)
Available-for-Sale Reserve		
As at the beginning of the year	(1,055,147)	(80,613)
Gain/(Loss) on Available-for-Sale Financial Assets	559,700	(974,534)
As at 31st March,	(495,447)	(1,055,147)

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

	2018 Rs.	2017 Rs.
Revaluation Reserve		
As at the beginning of the year	741,339,434	453,841,219
Revaluation surplus	179,350,000	287,498,215
Deferred Tax on Revaluation Surplus	(210,867,119)	-
As at 31st March,	709,822,315	741,339,434

Property, Plant and Equipment

The total expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 323,363,888/- (2017-Rs. 3,284,429,850/-) details of which are given in Note 4.1 to the Financial Statements on page 87.

Market value of the land including the valuation method and the effective date of the valuation are provided in Note 4.4 to the Financial Statements on page 91.

Stated Capital

In terms of the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 5,509,276,455/- as at 31st March, 2018 (Comprising 502,188,559 ordinary shares).

The Company raised LKR 753 Mn through an IPO offer for subscription of 50.2 Mn ordinary shares at a issue price of LKR 15/- per share. The Company listed its shares on the Diri Savi Board of the Colombo Stock Exchange on 5th January 2018.

Events Occurring after the Reporting Date

There have been no material events occurring after the Reporting date, that require adjustments to or disclosures in the Financial Statements.

Statutory Payments

The Directors confirm that to the best of their knowledge all taxes and dues payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due as at the Reporting date have been paid or provided.

Public Shareholding

18.48% of the issued capital of the Company was held by the public, comprising of 496 shareholders and a float adjusted market capitalisation of LKR 1,252,860,017 as at 31 March 2018. In terms of Rule 7.13.1 .(b) of the Listing Rules of the Colombo Stock Exchange, the Company qualifies under option 1 of the minimum public holding requirement.

Going Concern

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

For and on behalf of the Board,

N.J.H.M. Cooray
Chairman

N.T.M.S. Cooray
Director

Corporate Services (Pvt) Ltd.
Secretaries

Jetwing Symphony PLC

11th May 2018

Statement of Directors' Responsibilities

The Directors are responsible, under Sections 150 (1) and 151, of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out there into prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Income Statement of the financial year-end. The Directors are also responsible, under Section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

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

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS & LKAS). The Financial Statements provide the information required by the Companies Act.

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

The External Auditors, Messrs Ernst & Young, are reappointed in terms of Section 158 of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on page 63 to 65 sets out their responsibilities in relation to the Financial Statements.

Financial Reports

Compliance Report

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

By Order of the Board,

Jetwing Symphony PLC

Corporate Services (Pvt) Ltd.

Secretaries

216, De Saram Place,
Colombo 10.

11th May, 2018

Independent Auditor's Report

TO THE SHAREHOLDERS OF JETWING SYMPHONY PLC



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

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Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Jetwing Symphony PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2018 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2018, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial

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

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

Key audit matters common to the Group

Key audit matter	How our audit addressed the key audit matter
------------------	--

Free-hold land revaluation

As of 31 March 2018 the Group carried free-hold land at fair value amounting to Rs. 2,123,400,000/- which represents 21% of the total assets of the Group and recorded a revaluation gain of Rs. 179,350,000/- for the year, as further disclosed in note no: 4 to the financial statements.

Fair value was determined by an external valuer engaged by the Group. The valuation is subjective to the assumptions such as price range per perch and judgements used by the valuer. Due to the size of these assets, in relation to the total assets and given the significance of assumptions associated with the valuation of these assets, we have considered the valuation of free- hold land as a key audit matter.

Our audit procedures focused on the valuation performed by the external valuer, which included among others, the following procedures:

- We evaluated the competence, capabilities and objectivity of the external valuer appointed by the management. We read the engagement letter issued by the management and the valuation report signed by the valuer to obtain an understanding of the work of the valuer and evaluated its appropriateness as audit evidence for the recorded valuation of free hold land in the financial statement.
- We engaged internal specialized resources to evaluate the appropriateness of the valuation method and price range per perch used by comparing with market data and evaluating other key assumptions applied by the external valuer.
- In addition, we evaluated the overall adequacy of the related financial statement disclosures in note no: 4.



Other Information included in the 2018 Annual Report

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

Our opinion on the financial statements does not cover 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Financial Reports

Financial Reports



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.

11 May 2018
Colombo

Statement of Financial Position

As at 31st March	Note	Group		Company		
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	
ASSETS						
Non-current Assets						
Property, Plant and Equipment	4	8,846,778,117	8,656,161,315	-	-	
Prepaid Lease Rent	5	49,009,655	50,970,041	-	-	
Other Investments	7	3,065,499	2,814,391	-	-	
Investment in Subsidiaries	7	-	-	5,119,233,010	4,672,629,410	
Intangible Assets	6	583,576,335	583,248,328	-	-	
		9,482,429,606	9,293,194,075	5,119,233,010	4,672,629,410	
Current Assets						
Inventories	8	50,935,217	40,887,843	-	-	
Trade and Other Receivables	9	207,884,161	159,763,361	257,748	43,634,503	
Income Tax Receivables		385,733	367,797	-	-	
Other Current Financial Assets	7	352,973,296	14,737,560	344,083,503	7,508,113	
Cash at Bank and in Hand	16	73,898,051	55,402,324	781,696	810,712	
		686,076,458	271,158,885	345,122,947	51,953,328	
Total Assets		10,168,506,064	9,564,352,960	5,464,355,957	4,724,582,738	
EQUITY AND LIABILITIES						
Equity Attributable to Equity Holders of the parent						
Stated Capital	10	5,509,276,455	4,755,993,591	5,509,276,455	4,755,993,591	
Available-for-Sale Reserve	10	(495,447)	(1,055,147)	318,191	8,112	
Revaluation Reserve	10	709,822,315	741,339,434	-	-	
Retained Earnings/(Losses)		(845,143,659)	(485,821,600)	(47,494,145)	(34,209,450)	
		5,373,459,664	5,010,456,278	5,462,100,501	4,721,792,253	
Non Controlling Interest		22,543,363	29,304,863	-	-	
Total Equity		5,396,003,027	5,039,761,141	5,462,100,501	4,721,792,253	
Non Current Liabilities						
Interest Bearing Loans and Borrowings	11	2,793,046,873	2,936,703,033	-	-	
Post Employment Benefit Liabilities	12	23,879,596	10,050,075	-	-	
Deferred Tax liability	18	210,867,119	-	-	-	
		3,027,793,588	2,946,753,108	-	-	
Current Liabilities						
Current Portion of Interest Bearing Loans and Borrowings	11	1,467,933,792	1,010,123,125	-	-	
Trade and Other Payables	13	276,567,150	565,656,173	2,046,949	740,331	
Income Tax Payable		208,507	2,059,413	208,507	2,050,154	
		1,744,709,449	1,577,838,711	2,255,456	2,790,485	
Total Equity and Liabilities		10,168,506,064	9,564,352,960	5,464,355,957	4,724,582,738	

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No : 07 of 2007.

C.S.R.S. Anthony
Director - Jetwing Hotels Ltd, Managing Agents

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

N.T.M.S. Cooray
Director

The accounting policies and notes on pages 72 through 114 form an integral part of the Financial Statements.

11th May 2018
Colombo

Statement of Profit or Loss

Year ended 31 March	Note	Group		Company	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Revenue	3	1,515,032,435	734,742,114	-	-
Cost of Sales		(275,005,290)	(142,218,996)	-	-
Gross Profit		1,240,027,145	592,523,118	-	-
Other Income	15	12,885,237	18,975,866	10,840,927	13,860,259
Administrative Expenses		(771,549,420)	(396,965,346)	(10,770,193)	(23,864,144)
Marketing & Promotional Expenses		(66,925,999)	(36,845,376)	-	(639,305)
Profit from operations		414,436,963	177,688,262	70,734	(10,643,190)
Depreciation		(305,678,721)	(150,439,021)	-	-
Finance Income	14.1	1,091,696	10,105,357	4,904,248	9,751,003
Finance Cost	14.2	(427,076,004)	(149,701,762)	(17,905)	(44,409)
Exchange Gain/(Loss) on Foreign Currency Loan Conversion	11.3	(29,774,159)	(34,391,705)	-	-
Profit/(Loss) Before Tax	17	(347,000,225)	(146,738,869)	4,957,077	(936,596)
Income Tax Expenses	18	(1,618,141)	(2,884,784)	(1,394,993)	(2,702,273)
Profit/(Loss) for the Year		(348,618,366)	(149,623,653)	3,562,084	(3,638,869)
Attributable to:					
Equity holders of the parent		(341,859,583)	(133,807,826)		
Non controlling interests		(6,758,783)	(15,815,827)		
		(348,618,366)	(149,623,653)		
Earnings/(Loss) Per Share - Basic	19	(0.74)	(0.32)	0.01	(0.01)

The accounting policies and notes on pages 72 through 114 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year ended 31 March	Note	Group		Company	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Profit/(Loss) for the Year		(348,618,366)	(149,623,653)	3,562,084	(3,638,869)
Other Comprehensive Income					
<i>Other comprehensive income to be reclassified to statement of profit or loss in subsequent period</i>					
Gain on Available-for-Sale Financial Instruments	10.2.1	12,005,976	16,123,160	11,151,006	13,692,602
Reclassification adjustment for gains included in the Statement of Profit or Loss	10.2.1	(11,446,276)	(17,097,695)	(10,840,927)	(13,860,259)
<i>Other comprehensive income not to be reclassified to statement of profit or loss in subsequent period</i>					
Actuarial Gains/ (Losses) on Post Employment Benefit Liability	12.1	(618,414)	448,206	-	-
Revaluation Surplus of Freehold Land	10.2.2	179,350,000	287,498,215	-	-
Deferred Tax on Revaluation Surplus	18.2	(210,867,119)	-	-	-
Other Comprehensive Income/(Loss) for the Year		(31,575,833)	286,971,886	310,079	(167,657)
Total Comprehensive Income/(Loss) for the Year		(380,194,199)	137,348,233	3,872,163	(3,806,526)
Attributable to:					
Equity holders of the parent		(373,432,699)	153,077,168		
Non controlling interests		(6,761,500)	(15,728,935)		
		(380,194,199)	137,348,233		

The accounting policies and notes on pages 72 through 114 form an integral part of the Financial Statements.

Statement of Changes in Equity - Group

Group	Attributable to Equity Holders of the Parent						
	Stated Capital Rs. (Note 10.1)	Available for Sale Reserve Rs. (Note 10.2.1)	Revaluation Reserve Rs. (Note 10.2.2)	Retained Earnings Rs.	Total Rs.	Non Controlling Interest Rs.	Total Rs.
Year ended 31 March							
Balance as at 01 April 2016	3,755,993,590	(80,613)	453,841,219	(352,375,088)	3,857,379,108	45,033,798	3,902,412,906
Loss for the Year	-	-	-	(133,807,826)	(133,807,826)	(15,815,827)	(149,623,653)
Other Comprehensive Income/(Loss)	-	(974,534)	287,498,215	361,314	286,884,995	86,892	286,971,887
Total Comprehensive Income for the year	-	(974,534)	287,498,215	(133,446,512)	153,077,169	(15,728,935)	137,348,233
Issue of Shares	1,000,000,001	-	-	-	1,000,000,001	-	1,000,000,001
Balance as at 31 March 2017	4,755,993,591	(1,055,147)	741,339,434	(485,821,600)	5,010,456,278	29,304,863	5,039,761,141
Loss for the Year	-	-	-	(341,859,583)	(341,859,583)	(6,758,783)	(348,618,366)
Other Comprehensive Income/(Loss)	-	559,700	(31,517,119)	(615,697)	(31,573,116)	(2,717)	(31,575,833)
Total Comprehensive Income/(Loss) for the year	-	559,700	(31,517,119)	(342,475,280)	(373,432,699)	(6,761,500)	(380,194,199)
Issue of Shares	753,282,840	-	-	-	753,282,840	-	753,282,840
Shares Issue Expenses	-	-	-	(16,846,779)	(16,846,779)	-	(16,846,779)
Reconciliation adjustment (Note 10.1.1)	24	-	-	-	24	-	24
Balance as at 31 March 2018	5,509,276,455	(495,447)	709,822,315	(845,143,659)	5,373,459,664	22,543,363	5,396,003,027

The accounting policies and notes on pages 72 through 114 form an integral part of the Financial Statements.

Statement of Changes in Equity - Company

Year ended 31 March

Company	Stated Capital Rs. (Note 10.1)	Available for Sale Reserve Rs. (Note 10.2.1)	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2016	3,755,993,590	175,769	(30,570,581)	3,725,598,778
Loss for the Year	-	-	(3,638,869)	(3,638,869)
Other Comprehensive Income/(loss)	-	(167,657)	-	(167,657)
Total Comprehensive Income/(loss)	-	(167,657)	(3,638,869)	(3,806,526)
Issue of Shares	1,000,000,001	-	-	1,000,000,001
Balance as at 31 March 2017	4,755,993,591	8,112	(34,209,450)	4,721,792,253
Profit for the Year	-	-	3,562,084	3,562,084
Other Comprehensive Income/(loss)	-	310,079	-	310,079
Total Comprehensive Income/(loss)	-	310,079	3,562,084	3,872,163
Issue of Shares	753,282,840	-	-	753,282,840
Shares Issue Expenses	-	-	(16,846,779)	(16,846,779)
Reconciliation Adjustment (Note 10.1.1)	24	-	-	24
Balance as at 31 March 2018	5,509,276,455	318,191	(47,494,145)	5,462,100,501

The accounting policies and notes on pages 72 through 114 form an integral part of the Financial Statements.

Statement of Cash Flows

Year ended 31 March	Note	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Cash Flows From /(Used in) Operating Activities					
Net Profit / (Loss) before Income Tax Expenses	18	(347,000,225)	(146,738,869)	4,957,077	(936,596)
Adjustments for:					
Dividend Income	14.1	(12,082)	(11,582)	(54,000)	(100,029)
Interest Received	14.1	(1,079,614)	(10,093,775)	(4,850,248)	(9,650,974)
Depreciation & Amortization	17	308,737,642	153,219,640	-	-
Finance Costs	14.2	427,076,004	149,701,762	17,905	44,409
(Profit)/Loss on Disposal of Property Plant & Equipment	17	2,104,301	(2,887,214)	-	-
Capital Gain on Sale of Investments	7.4.1	(11,446,276)	(17,097,695)	(10,840,927)	(13,860,259)
Exchange (Gain)/Loss on Foreign Currency Loan Conversion	11.3	29,774,159	34,391,705	-	-
Provision for Defined Benefit Obligation	12.1	6,297,963	2,012,822	-	-
Operating Profit / (Loss) before Working Capital Changes		414,451,872	162,496,794	(10,770,193)	(24,503,449)
(Increase) / Decrease in Inventories		(10,047,374)	(21,469,177)	-	-
(Increase) / Decrease in Trade and Other Receivables		(46,235,715)	75,694,721	3,376,779	(3,492,869)
Increase / (Decrease) in Trade and Other Payables		(289,147,675)	337,834,788	1,247,945	(28,911,066)
Cash Generated from/(Used in) Operations		69,021,108	554,557,126	(6,145,469)	(56,907,384)
Finance Costs paid	14.2	(427,076,004)	(149,701,762)	(17,905)	(44,409)
Income Tax paid		(3,486,983)	(691,427)	(3,236,640)	(615,196)
Defined Benefit Plan Cost Paid Net of Transfers	12	6,913,144	2,824,840	-	-
Net Cash Flows From/(Used in) Operating Activities		(354,628,735)	406,988,777	(9,400,014)	(57,566,989)
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	4.6	(323,363,888)	(3,279,144,850)	-	-
Acquisition of Intangible Assets	6.1	(1,426,542)	(1,900,000)	-	-
Proceeds from Sale of Property, Plant and Equipment		628,982	5,387,430	-	-
Net Investment in Unit Trust		(324,324,384)	24,466,340	(325,424,384)	12,589,206
Short Term Loans (Grant)/ Settled		-	-	40,000,000	(40,000,000)
Interest Received	14.1	1,079,614	10,093,775	4,850,248	9,650,974
Dividends Received	14.1	12,082	11,582	54,000	100,029
Investment in Subsidiaries	7.2	-	-	(446,603,600)	(924,000,000)
Net Cash Flows From / (Used) in Investing Activities		(647,394,136)	(3,241,085,723)	(727,123,736)	(941,659,791)
Cash Flows From Financing Activities					
Share Issues	10.1	753,282,840	1,000,000,001	753,282,840	1,000,000,001
Net Repayment of Finance Lease	11.2	(839,293)	(811,248)	-	-
Proceeds from Bank Loans	11.3	496,870,000	1,906,541,996	-	-
Repayment of Bank Loans	11.3	(380,585,023)	(377,038,210)	-	-
Proceeds Received from Grants	4.8	1,800,000	-	-	-
Cost of Issuing Shares		(16,788,106)	-	(16,788,106)	-
Net Cash Flows from/(Used in) Financing Activities		853,740,418	2,528,692,539	736,494,734	1,000,000,001
Net Increase /(Decrease) in Cash and Cash Equivalents		(148,282,453)	(305,404,407)	(29,016)	773,221
Cash and Cash Equivalents at the beginning of the Year	16	(574,549,774)	(269,145,367)	810,712	37,491
Cash and Cash Equivalents at the end of the Year	16	(722,832,227)	(574,549,774)	781,696	810,712

The accounting policies and notes on pages 72 through 114 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Jetwing Symphony PLC, formerly Jetwing Symphony Limited ("the Company"), is a limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company and principal place of business is located at 46/26, Nawam Mawatha, Colombo 02.

1.2 Principal Activities and Nature of Operations

Jetwing Symphony PLC is the holding Company that owns, directly and indirectly, investments in a number of companies that are involved in business of hoteliering. The subsidiaries are also involved in business of hoteliering.

The names of companies within the Group, of all which are incorporated in Sri Lanka, are shown in the Note 7.2.

1.3 Parent Entity and Ultimate Parent Entity

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

1.4 Date of Authorization for Issue

The Financial Statements of Jetwing Symphony PLC and its Subsidiaries for the year ended 31 March 2018 were authorized for issue by the Board of directors on 11 May 2018.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and in compliance with the Companies Act No. 7 of 2007.

2.2 Basis of measurement

The Consolidated Financial Statements have been prepared on a historical cost basis except for Available-for-Sale Financial Assets and Freehold Land which were subsequently measured at fair value.

2.3 Changes in accounting policies

The accounting policies adopted by the Group are consistent with those of the previous financial year.

2.4 Comparative Information

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

Notes to the Financial Statements

2.5 Basis of Consolidation

The Consolidated Financial Statements of Jetwing Symphony PLC and its subsidiaries (referred to as the 'Group') comprise the Financial Statements of the Group as at 31 March 2018

Subsidiaries are disclosed in note 7.2 to the Financial Statements.

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

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

When the Group has less than a majority of the voting or similar rights of an investee; the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

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

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Profit or Loss Statement and Consolidated Statement of Comprehensive Income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of Financial Position. Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Consolidated Profit or Loss Statement and Statement of Comprehensive Income and as a component of equity in the Consolidated Statement of Financial Position, separately from equity attributable to the shareholders of the parent. The Consolidated Statement of Cash Flows includes the cash flows of the Company and its Subsidiaries.

Notes to the Financial Statements

2.6 Significant Accounting Judgements, Estimates And Assumptions

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

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

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

a. *Revaluation of Freehold Land*

Freehold lands of the group are reflected at fair value. Freehold Land valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of Freehold Land, with the assistance of an independent professional valuer.

Further information including key inputs used to determine the fair value of the freehold land and sensitivity analysis are provided in Note 4

b. *Components of Buildings:*

In determining the depreciation expense, the Group 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. Further information is given in Note 4.

c. *Defined Benefit Plans:*

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further information is given in Note 12.

d. *Going concern*

When preparing Consolidated Financial Statements, management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

e. *Impairment of Trade Debtors:*

The Group 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 information is given in Note 9.

Notes to the Financial Statements

f. *Transfer pricing regulation:*

The Group is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

2.7 Summary Of Significant Accounting Policies

The following are the significant accounting policies applied by the Group in preparing its Consolidated Financial Statements.

2.7.1 *Foreign Currency Translation*

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation 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 retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or 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. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.7.2 *Business Combination and Goodwill*

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to Other Comprehensive Income (OCI). If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is measured at fair value with changes in fair value either in a profit or loss or as a change to the Other Comprehensive Income (OCI).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

Notes to the Financial Statements

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination transferred; the gain is recognised in profit or loss.

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

2.7.3 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group 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 recognised.

a. Room Revenue

Revenue is recognised on the rooms occupied on daily basis.

b. Food and Beverage Revenue

Food and 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 on a time proportion basis that takes in to account the effective yield on the asset unless collectability is in doubt.

e. Dividends

Dividend income is recognised on cash basis.

f. Others

Other income is recognised on an accrual basis.

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.

Notes to the Financial Statements

2.7.4 Financial Instruments

i. Financial Assets

The Group's Financial Assets include cash and short term deposits, trade and other receivables, quoted and unquoted equity instruments and other financial instruments.

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 Group determines the classification of its financial assets at initial recognition.

All financial assets except for those that are at fair value through profit or loss are recognised initially at fair value plus transaction costs. Those that are at fair value through profit or loss, are initially measured at fair value.

Subsequent Measurement

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

Financial Assets at Fair Value through Profit or Loss

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

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 amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in finance costs.

Held-to-Maturity Financial Instruments

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, 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 amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in finance costs.

Notes to the Financial Statements

Available-for-Sale Financial Instruments

Available-for-sale financial instruments held at the reporting date consists of equity securities. Equity instruments 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 instruments are subsequently measured at fair value with unrealised 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 Statement of Profit or Loss 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 Group has transferred its rights to receive cash flows from the asset.

ii. Impairment of Financial Assets

The Group 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 Group 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 Group 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 Profit or Loss statement.

Notes to the Financial Statements

Available-for-Sale Financial Instruments

For available-for-sale financial instruments, the Group 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 value 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 Statement of Profit or Loss-is removed from other comprehensive income and recognised in the Statement of Profit or Loss. Impairment losses on equity investments are not reversed through the Statement of Profit or Loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

iii. Financial Liabilities

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

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Profit or Loss 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 Statement of Profit or Loss.

Derecognition

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

iv. Offsetting of financial instruments

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

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

Notes to the Financial Statements

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:

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

2.7.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, except capitalised development costs, are not capitalised and expenditure is recognised in the Statement of profit or Loss when it is incurred.

Intangible assets with finite lives are amortised 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 Statement of Profit or Loss 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 Statement of Profit or Loss when the asset is derecognised.

2.7.6 Provisions

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

2.7.7 Post Employment Benefit - Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Group 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 each year using the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income.

Notes to the Financial Statements

This item is stated under Post Employee Benefit Liability in the Statement of Financial Position. 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 Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.7.8 Impairment of Non Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group 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 Statement of Profit or Loss 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 Group 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.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value maybe impaired:

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Notes to the Financial Statements

2.7.9 *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. Companies which undertake promotion of tourism in Sri Lanka are liable to tax at the rate of 12% of taxable income. Accordingly Jetwing Kaduruketha (Pvt) Ltd and Pottuvil Point (Pvt) Ltd are taxed at the rate of 12% of taxable income. Other income is taxed at the rate of 28%.

The following companies enjoy Tax Holiday under the law of board of investment in line with Inland Revenue Act.

Yala Properties (Pvt) Ltd (Subsidiary of Subsidiary) has entered in to an agreement, dated 22 November 2011 with Board of Investment under section 17 of the Board of Investment Law. For the business of leisure travelers, Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply for a period of seven years from the company commences to make profits or any year of assessment not later than two years reckoned form the date of commencement of commercial operations whichever year is earlier Accordingly the company enjoys a tax holiday up to the year of assessment 2021/22.

Cultural Heritage (Pvt) Ltd also entered in to an agreement with Board of Investment of Sri Lanka under section 17 of BOI Law No. 4 of 1978 on 3rd April 2014 to set up a hotel on the premises at Siyambalawewa Village, Dambulla. According to the said agreement the company shall be entitled for a tax exemption period of Ten (10) years in the terms of the Inland Revenue Act No. 10 of 2006 as amended. For the above purpose the year of assessment shall be reckoned from the year in which the company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations, which year is earlier. Accordingly the company enjoys a tax holiday up to the year of assessment 2027/28.

Jetwing City (Pvt) Ltd - Pursuant to the agreement dated 29th November 2012 entered into with Board of Investment under section 17 of the Board of Investment Law, income tax shall not apply for the a period of Ten (10) years from the year of assessment company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever year is earlier. Accordingly the company enjoys a tax holiday up to the the year of assessment 2028/29.

Futher, Kaduruketha Famers (Pvt) Ltd is taxed at 10% and all other subsidiaries which are not mentioned above are taxed at 28%.

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.

(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 Taxation*

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

Notes to the Financial Statements

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets 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 assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

2.7.10 *Borrowing Costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.7.11 *Inventory*

Inventory are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventory 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 inventory to its present location and condition is accounted using the weighted average cost formulae, for all inventory.

2.7.12 *Cash and Cash Equivalents*

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from the date of acquisition) are also treated as cash equivalents.

2.7.13 *Property, Plant and Equipment*

Property, Plant and Equipment (except for land) is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property, Plant and Equipment and borrowing costs for

Notes to the Financial Statements

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 Group 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 profit or loss as incurred.

Land is measured at fair value, less impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in 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 Profit or Loss 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 Profit or Loss when the asset is derecognised.

Group provides depreciation from the date the assets are available for use up to the date of disposal, on a straight line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset's future economic benefits are expected to be consumed by the Group of the different types of assets, except for which are disclosed separately. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation does not cease when the assets become idle or is retired from active use unless the asset is fully depreciated.

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

2.7.14 Grants and Subsidies

Grants are recognised at their fair value where there is a reasonable assurance the grant / subsidy will be received and all attaching conditions, if any, will be complied with.

Government grants related to assets are presented in financial position by deducting the grant value from the carrying value of the asset. Accordingly government grant is recognised in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

2.7.15 Leases

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

Group as a lessee:

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Income Statement.

Notes to the Financial Statements

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

Operating leases, where the lessor effectively retains substantially all of the risk and benefits of ownership over the term of the lease are classified as operating leases. Operating lease payments are recognised as an operating expense in the Profit or Loss statement on a straight-line basis over the lease term.

2.7.16 Investments in Subsidiaries

Investments in subsidiaries in the financial statements of the parent are stated initially at cost. Carrying amount are subject to impairment as described in Note 2.7.8.

2.8 Effect of Sri Lanka Accounting Standards Issued But Not Yet Effective:

A number of new standards and amendments to standards, which have been issued but not yet effective as at the reporting date, have not been applied in preparing these Consolidated Financial Statements. Accordingly, the following Accounting Standards have not been applied in preparing these Financial Statements and the Group plans to apply these standards on the respective effective dates:

(a) SLFRS 9 - Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 – Financial Instruments: Recognition and Measurement. SLFRS 9 contains three principal classification categories for financial assets – i.e. measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The existing LKAS 39 categories of Held-to-maturity, Loans and receivables and Available-for-sale are removed. SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' model. The new model applies to financial assets that are not measured at FVTPL. SLFRS 9 is effective for annual reporting periods beginning on or after 01 January 2018, with early adoption permitted.

The model uses a dual measurement approach, under which the loss allowance is measured as either:

- » 12 month expected credit loss; or
- » Lifetime expected credit losses.

The measurement basis will generally depend on whether there has been a significant increase in credit risk since initial recognition. A simplified approach is available for trade receivables, contract assets and lease receivables, allowing or requiring the recognition of lifetime expected credit losses at all times. Special rules apply to assets that are credit impaired at initial recognition. The new standard carried guidance on new general hedge accounting requirements.

Readiness of the Group to Adopt SLFRS 9

The Group has commenced the initial high level assessment of the potential impact on its Consolidated Financial Statements resulting from the application of the SLFRS 9. The Group is not expected to have a material impact from the new classification, measurement, impairment principles introduced by SLFRS 9.

Group will commence the implementation phase upon completion of the assessment by second half of the coming financial year.

Notes to the Financial Statements

(b) SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. New qualitative and quantitative disclosure requirements aim to enable Financial Statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. SLFRS 15 is effective for annual reporting periods beginning on or after 01 January 2018, with early adoption permitted.

Readiness of the Group to Adopt SLFRS 15

The Group has identified following key areas which relate to the business operation as having most impact from SLFRS 15.

- » Travel agent contract with bundle sales and services.
- » Promotions and rebates

Pending the completion of the detail impact analysis, possible impact from SLFRS 15 is not estimable as of the reporting date.

(c) SLFRS 16 Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor accounting remains similar to current practice. This supersedes: LKAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 Operating Leases- Incentives; and SIC 27. Evaluating the substance of Transactions Involving the Legal form of a Lease. Earlier application is permitted. SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Readiness of the Group to Adopt SLFRS 16

Based on the preliminary evaluation of impact analysis of SLFRS 16 the group believes it will have an impact from leases of land obtained from various parties as given in Note 05 and 20 (b). However, the Group is currently in the process of further studying the accounting impact that is not currently estimable.

Notes to the Financial Statements

3. REVENUE

3.1 Type of Services

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
The business activities of the Group are only organized as a single reportable segment, where the management of the hotels monitors the revenue per available room as a key performance indicator. Revenue consists of the following type and nature of services:				
Room Revenue	862,013,322	406,240,162	-	-
Food & Beverage Revenue	602,128,832	299,566,194	-	-
Other Hotel Related Revenue	50,890,281	28,935,758	-	-
Total Revenue	1,515,032,435	734,742,114	-	-

4. PROPERTY, PLANT & EQUIPMENT

4.1 Gross Carrying Amounts

Group	Balance as at 01.04.2017	Additions	Revaluation	Transfers in/(out)	Disposals	Other Adjustment (Note 4.8)	Balance as at 31.03.2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost							
Building and Building Integrals	5,306,439,439	4,129,435	-	254,510,039	(628,982)	-	5,564,449,931
Plant & Equipment	291,343,852	10,501,650	-	5,485,018	(2,088,778)	(1,800,000)	303,441,742
Solar Electrical System	63,738,760	13,128,952	-	50,717,116	-	-	127,584,828
Sewage Treatment Plant	6,478,127	537,300	-	17,415,075	(235,570)	-	24,194,932
Kitchen Equipment	169,973,853	11,774,370	-	10,307,733	(279,301)	-	191,776,655
Electrical Equipment	147,613,660	7,830,339	-	(5,133,689)	(2,047,128)	-	148,263,183
Office Equipment	18,040,143	377,540	-	344,452	(18,500)	-	18,743,635
Sport Equipment	14,669,097	85,665	-	50,900	-	-	14,805,662
Furniture & Fittings	417,898,182	22,476,908	-	(4,687,794)	-	-	435,687,296
Swimming Pool Equipment	3,783,395	1,036,982	-	2,784,400	-	-	7,604,777
Motor Vehicles	53,139,340	-	-	10,913,528	-	-	64,052,868
Cutlery, Crockery & Glassware	23,813,360	2,504,028	-	1,661,604	(525,237)	-	27,453,755
Linen	29,861,281	7,666,742	-	1,457,862	(5,685,878)	-	33,300,007
Hot Water System	60,459,798	2,076,885	-	(4,582,925)	-	-	57,953,758
Laundry Equipment	30,302,906	4,883,561	-	5,449,612	-	-	40,636,079
Telephone System	17,824,546	3,355,264	-	(107,191)	(5,550)	-	21,067,069
Elevator	44,883,120	21,081	-	1,683,862	-	-	46,588,063
Television Systems	34,326,790	499,142	-	1,326,255	(231,698)	-	35,920,489
Maintenance Equipment	1,484,921	120,688	-	(198,226)	(33,150)	-	1,374,233
Furnishing, Bar, Room & Misc. Equ.	52,261,951	1,125,925	-	5,883,455	(805,150)	-	58,466,181
Computers	19,185,353	5,584,712	-	3,526,660	(127,382)	-	28,169,343
Motor Boats	4,298,231	-	-	-	-	-	4,298,231
Bicycles	931,500	-	-	48,000	-	-	979,500
Housekeeping Equipment	13,707,381	4,790,919	-	1,832,021	-	-	20,330,321
Generators	62,804,311	3,462,556	-	860,000	-	-	67,126,867
	6,889,263,297	107,970,646	-	361,547,767	(12,712,304)	(1,800,000)	7,344,269,406

Notes to the Financial Statements

4.1 Gross Carrying Amounts (Contd.)

Group	Balance as at 01.04.2017	Additions	Revaluation	Transfers in/(out)	Disposals	Other Adjustment (Note 4.8)	Balance as at 31.03.2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At Fair Value							
Freehold Land	1,944,050,000	1,264,814	179,350,000	(1,264,814)	-	-	2,123,400,000
	1,944,050,000	1,264,814	179,350,000	(1,264,814)	-	-	2,123,400,000
On Finance Lease							
Motor Vehicle	5,285,000	-	-	-	-	-	5,285,000
	5,285,000	-	-	-	-	-	5,285,000
In the Course of Construction							
Capital work-in-progress	157,870,740	214,128,428	-	(360,282,953)	-	-	11,716,214
	157,870,740	214,128,428	-	(360,282,953)	-	-	11,716,214
Total Gross Carrying Amount	8,996,469,037	323,363,888	179,350,000	- (12,712,304)	(1,800,000)	9,484,670,621	

Notes to the Financial Statements

4.2 Depreciation

Group	Balance as at 01.04.2017	Charge for the Year	Transfers in/(out)	Disposals	Balance as at 31.03.2018
	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost					
Building and Building Integrals	127,579,130	127,917,929	(343,278)	(53,765)	255,100,016
Plant & Equipment	37,268,350	26,500,324	105,088	(921,924)	62,951,838
Solar Electrical System	10,816,217	4,958,045	52,574	-	15,826,836
Sewage Treatment Plant	538,908	586,435	-	(51,987)	1,073,355
Kitchen Equipment	16,796,334	18,108,144	136,245	(122,316)	34,918,407
Electrical Equipment	15,377,589	15,278,846	(131,323)	(70,134)	30,454,977
Office Equipment	1,238,857	1,806,753	412	(7,557)	3,038,465
Sport Equipment	1,815,639	1,475,167	-	-	3,290,807
Furniture & Fittings	50,114,695	41,710,305	(101,432)	-	91,723,568
Swimming Pool Equipment	955,397	640,995	13,477	-	1,609,870
Motor Vehicles	22,114,749	4,064,731	(576,787)	-	25,602,693
Cutlery, Crockery & Glassware	3,256,952	8,359,202	46,496	(525,237)	11,137,413
Linen	6,885,927	15,620,156	81,851	(5,666,658)	16,921,277
Hot Water System	6,725,834	5,039,305	(136,248)	-	11,628,891
Laundry Equipment	5,037,187	3,637,584	211,763	-	8,886,534
Telephone System	1,368,364	1,849,732	(3,113)	(2,450)	3,212,533
Elevator	1,085,177	2,327,333	13,602	-	3,426,112
Television Systems	3,096,968	3,564,226	18,307	(68,929)	6,610,572
Maintenance Equipment	132,348	125,319	(5,114)	(13,633)	238,920
Furnishing, Bar, Room & Misc. Equipment	14,124,464	8,309,196	67,283	(495,726)	22,005,217
Computers	7,073,694	5,383,565	73,430	(93,624)	12,437,064
Motor Boats	1,634,044	872,062	-	-	2,506,106
Bicycles	276,336	162,084	-	-	438,420
Housekeeping Equipment	410,090	1,669,674	24,482	-	2,104,246
Generators	3,591,182	4,225,972	452,286	-	8,269,440
	339,314,432	304,193,084	-	(8,093,940)	635,413,576
On Finance Lease					
Motor Vehicle	993,290	1,485,637	-	-	2,478,927
	993,290	1,485,637	-	-	2,478,927
Total Depreciation	340,307,722	305,678,721	-	(8,093,940)	637,892,503

Notes to the Financial Statements

4.3 Net Book Value

Year ended 31 March Group	2018 Rs.	2017 Rs.
At Cost		
Building and Building Integrals	5,309,349,915	5,178,860,309
Plant & Equipment	240,489,904	254,075,502
Solar Electrical System	111,757,992	52,922,543
Sewage Treatment Plant	23,121,577	5,939,219
Kitchen Equipment	156,858,249	153,177,519
Electrical Equipment	117,808,205	132,236,071
Office Equipment	15,705,170	16,801,286
Sport Equipment	11,514,855	12,853,458
Furniture & Fittings	343,963,728	367,783,487
Swimming Pool Equipment	5,994,907	2,827,998
Motor Vehicles	38,450,175	31,024,591
Cutlery, Crockery & Glassware	16,316,342	20,556,408
Linen	16,378,730	22,975,353
Hot Water System	46,324,867	53,733,964
Laundry Equipment	31,749,545	25,265,719
Telephone System	17,854,536	16,456,182
Elevator	43,161,951	43,797,943
Television Systems	29,309,917	31,229,822
Maintenance Equipment	1,135,313	1,352,573
Furnishing, Bar, Room & Misc. Equipment	36,460,964	38,137,487
Computers	15,732,279	12,111,659
Motor Boat	1,792,125	2,664,187
Bicycles	541,080	655,164
Housekeeping Equipment	18,226,075	13,297,291
Generators	58,857,429	59,213,129
	6,708,855,830	6,549,948,865
At Fair Value		
Freehold Land	2,123,400,000	1,944,050,000
	2,123,400,000	1,944,050,000
On Finance Lease		
Motor Vehicles	2,806,073	4,291,710
	2,806,073	4,291,710
In the Course of Construction		
Capital work-in-progress	11,716,214	157,870,740
	11,716,214	157,870,740
	8,846,778,117	8,656,161,315

Notes to the Financial Statements

4.4 The freehold Lands have been revalued by independent qualified valuer, Messrs. K. Arthur Perera & Company (AMIV- Sri Lanka) on the basis of current market value. The details are tabulated below:

Company	Location	Revaluation Date	No of Perches	Price Range	Carrying Amount as at 31.03.2018 Rs.'000	Carrying Amount as at 31.03.2017 Rs.'000
Cultural Heritage (Pvt) Ltd	Dambulla	31.03.2018	2,749	125,000 to 150,000	396,750	349,250
Pottuvil Point (Pvt) Ltd	Hidayapuram, Pottuvil	31.03.2018	1,166	170,000	198,200	186,500
Uppuveli Beach (Pvt) Ltd	Sampalthevu, Trincomalee	31.03.2018	2,242	90,000 to 120,000	237,500	210,900
Jetwing City (Pvt) Ltd	Ward Place, Colombo 07	31.03.2018	70	16,000,000	1,117,750	1,048,000
The Riverbank (Pvt) Ltd	Maligathenna, Kandy	31.03.2018	305	190,000	58,000	53,400
Uppuveli Villas (Pvt) Ltd	Sampalthevu, Trincomalee	31.03.2018	960	120,000	115,200	96,000

Valuation Process of the Group:

On a once in three year basis, the Group usually engages an external independent and qualified valuer to determine the fair value of land. When significant changes in fair value are expected between two valuations, that necessitates a more regular basis of valuation adopted, the Board based on its judgment as appropriately advised by the valuer, obtains a further valuation to ensure that the carrying amounts do not differ materially with fair value at the end of the reporting period

Increase or decrease in estimated price per perch in isolation would result in a higher or lower fair value measurement. Accordingly, a change of 10% estimated price per perch will cause a Rs. 212,340,000/- change in the fair value of freehold land, directionally.

	Fair Value measurement as at 31 march 2018			
	Level 01 Rs.	Level 02 Rs.	Level 03 Rs.	Total Rs.
Freehold land	-	-	2,123,400,000	2,123,400,000

4.5 The carrying amount of revalued land that would have been included in the financial statements had the asset been carried at cost is as follows.

Class of Asset	2018 Rs.	2017 Rs.
Freehold land	1,202,710,566	1,202,710,566

4.6 The Group acquired property plant and equipment to the aggregate value of Rs. 323,363,888/- (2017- Rs. 3,284,429,850/-) during the financial year. Cash payments amounting to Rs. 323,363,888/- (2017- Rs. 3,279,144,850/-) were made during the year for purchase of property plant and equipment.

Notes to the Financial Statements

- 4.7** During the year, bank loan interest expense amounting to Rs. 12,995,258/- (2017 - Rs.110,302,503/-) that was incurred in connection with the borrowing of funds for the building construction have been capitalized as a part of the Building and Building Integrals.
- 4.8** During the financial year Group received a government grant of LKR 1,800,000/- as a cost reimbursement which has been presented as other adjustment in Note no 4.1.

4.9 The useful lives of the assets are estimated as follows;

Year ended 31 March	2018 Years	2017 Years
Building and Building Integrals	10-60	15-60
Plant and Equipment	10-20	10-20
Solar Electrical System	10-20	10-20
Sewage Treatment Plant	20	20
Kitchen Equipment	10	10
Electrical Equipment	10	10
Office Equipment	10	10
Sport Equipment	10	10
Furniture and Fittings	10	10
Swimming Pool Equipment	10	10
Motor Vehicles	5	5
Cutlery, Crockery and Glassware	3	3
Linen	2	2
Hot Water System	10	10
Laundry Equipment	13.33	13.33
Telephone System	10	10
Elevator	20	20
Television Systems	10	10
Maintenance Equipment	10	10
Furnishing, Bar, Room and Music Equipment	03-10	03-10
Computers	4	4
Motor Boat	5	5
Bicycles	5	5
Housekeeping Equipment	10	10
Generators	13.33	13.33
4.10 Components included in Building and Building Integrals:		
Building Structure	60	60
Roof, Railing and Ceiling work	15	15
Wood, Aluminium and Glass work	15	15
Bathroom Fittings	15	15
Manila Rope	10	-

- 4.11** Property, Plant and Equipment recognized above include fully depreciated assets having a gross carrying amount of Rs.15,204,485/- (2017- Rs. 14,856,655/-).

Notes to the Financial Statements

5. PREPAID LEASE RENT

5.1 Prepaid Lease Rent on Leasehold Land

Year ended 31 March	2018 Rs.	2017 Rs.
Cost		
As at beginning of the year	52,941,170	52,941,170
Incurred during the year	-	-
As at end of the year	52,941,170	52,941,170
Amortisation		
As at beginning of the year	1,971,129	10,743
Charged during the year	1,960,386	1,960,386
As at end of the year	3,931,515	1,971,129
Net Book Value		
As at beginning of the Year	50,970,041	52,930,427
As at end of the Year	49,009,655	50,970,041

- 5.2** Prepaid lease rental represents the lease rental paid by Jetwing Kaduruketha (Pvt) Ltd to acquire the leaseholds rights of land situated in Weligama, Wellawaya, by the agreement dated on 1 April 2013. The amount paid upfront is being amortised over the lease period of 30 years. Further upon expiry, the lease term can be renewed at prevailing market rates upon fresh terms and conditions to be mutually agreed between the parties.

6. INTANGIBLE ASSETS

6.1 Computer Software

Year ended 31 March	2018 Rs.	2017 Rs.
Cost		
As at beginning of the year	4,782,191	2,882,191
Incurred during the year	1,426,542	1,900,000
As at end of the year	6,208,733	4,782,191
Amortisation		
As at beginning of the year	1,851,404	1,031,171
Charged during the year	1,098,535	820,233
As at end of the year	2,949,939	1,851,404
Net Book Value		
As at beginning of the Year	2,930,787	1,851,020
As at end of the Year	3,258,794	2,930,787

Computer Software includes an Enterprise Resource Planning System consisting of an application software. The Group has determined the useful life of above the software as four (4) years and amortisation has been made on a straight line basis in the Statement of Profit or Loss.

Notes to the Financial Statements

6.2 Goodwill

Year ended 31 March Group	2018 Rs.	2017 Rs.
Balance at beginning of the Year	580,317,541	580,317,541
Balance at end of the Year	580,317,541	580,317,541
Total Intangible Assets (Note 6.1, 6.2)	583,576,335	583,248,328

6.2.1 Accounting judgements, estimates and assumptions

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows:

Gross Margins

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

Inflation

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

Discount Rate

The discount rate used is the risk free pre-tax discount rate, adjusted by the addition of an appropriate risk premium.

Occupancy and Growth

Occupancy and growth have been forecasted on a reasonable basis by taking into account the growth rates of the two years immediately preceding the budgeted year and future industry growth rates.

Cash flows beyond the five year period has been extrapolated based on terminal growth rate.

Notes to the Financial Statements

7. INVESTMENTS

Summary

Year ended 31 March	Group Rs.	2017 Rs.	Company 2018 Rs.	2017 Rs.
a) Non- Current				
Investment in Subsidiaries (Note 7.2)	-	-	5,119,233,010	4,672,629,410
Investment in Equity Securities (Note 7.1)	3,065,499	2,814,391	-	-
	3,065,499	2,814,391	5,119,233,010	4,672,629,410
b) Current				
Investment in Fixed Deposits (Note 7.3)	2,778,793	622,309	-	-
Investment in Units (Note 7.4)	350,194,503	14,115,251	344,083,503	7,508,113
	352,973,296	14,737,560	344,083,503	7,508,113
7.1 Investment in Equity Securities				
Quoted-Available-for-sale Financial Instruments				
Hunas Falls Hotel PLC	2,016,170	1,436,133	-	-
Tangerine Beach Hotel PLC	1,049,329	1,378,258	-	-
Net Carrying Value of Investment in Equity Securities (Note 7.1.1)	3,065,499	2,814,391	-	-

Year ended 31 March	Group 2018 Rs.	2017 Rs.	Company 2018 Rs.	2017 Rs.
7.1.1 Movement in Available-for-Sale Financial Instruments				
As at 1 April	2,814,391	3,114,548	-	-
Purchases made during the Financial Year	-	-	-	-
Sales made during the year	-	-	-	-
Net gain transferred from Available for Sale Reserve	-	-	-	-
Cost of Shares Disposed during the Year	-	-	-	-
Gain/(Loss) on Available for Sale Financial Instruments	251,108	(300,157)	-	-
As at 31 March	3,065,499	2,814,391	-	-

Notes to the Financial Statements

7.2 Investment in Subsidiaries

	Company				
	Year ended 31 March	Holding %	2018 Rs.	Holding %	2017 Rs.
7.2.a Ordinary Shares					
Uppuveli Beach (Pvt) Ltd	100	200,100,000	100	198,100,000	
Cultural Heritage (Pvt) Ltd	100	1,184,750,000	100	964,750,000	
Yala Safari Beach Hotel (Pvt) Ltd	100	1,368,400,000	100	1,368,400,000	
Jetwing City (Pvt) Ltd	100	1,695,853,600	100	1,671,100,000	
Uppuveli Villas (Pvt) Ltd	100	78,000,000	100	77,000,000	
The Riverbank (Pvt) Ltd	100	30,000,000	100	30,000,000	
Pottuvil Point (pvt) Ltd	100	288,600,000	100	215,750,000	
Jetwing Kaduruketha (Pvt) Ltd	70	123,529,410	70	123,529,410	
		4,969,233,010		4,648,629,410	

	2018	2018	2017	2017
	No. of shares	Rs.	No. of shares	Rs.
7.2.b Investments in Preference Shares:				
Jetwing Kaduruketha (Pvt) Ltd - Preference Shares	15,000,000	150,000,000	-	-
(Note 7.2.5)		150,000,000	-	-
7.2.c Shares pending allotment				
Pottuvil Point (Pvt) Ltd		-	-	4,000,000
Cultural Heritage (Pvt) Ltd		-	-	20,000,000
		-	-	24,000,000
Total Investment in Subsidiaries		5,119,233,010	-	4,672,629,410

7.2.3 Yala Properties (Pvt) Ltd is a fully owned subsidiary of Yala Safari Beach Hotel (Pvt) Ltd, whose cost of investment is Rs. 799,712,270/-. Kaduruketha Farmers (Pvt) Ltd is a 50% owned subsidiary of Jetwing Kaduruketha (Pvt) Ltd, whose cost of investment is Rs. 10/-.

7.2.4 All Subsidiaries are incorporated in Sri Lanka.

7.2.5 During the year Jetwing Symphony PLC (JSPLC) subscribed to fifteen Million fully paid non convertible, non cumulative and non-voting preference shares in Jetwing Kaduruketha (Pvt) Ltd at a consideration of Rs 10/- per share. JSPLC will be entitled to receive an annual non-cumulative preferential dividend (subject to meeting solvency test and compliance with requirements of applicable law) on each preference share, until the redemption of such preference share, at the rate of eighteen percent (18%) of the subscription price per annum. Further The preference shares are redeemable at the option of Jetwing Kaduruketha (Pvt) Limited at the subscription price.

7.2.6 Partly owned subsidiaries

The group has concluded that non-controlling interest is not material in aggregate and individually for disclosure purpose.

Notes to the Financial Statements

7.3 Other Current Financial Assets

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Held to Maturity				
Investment In Fixed Deposits	2,778,793	622,309	-	-
	2,778,793	622,309	-	-
7.4 Other Current Financial Assets				
<i>Available for sale Financial Instruments</i>				
Investments in Units (Note 7.4.1)	350,194,503	14,115,251	344,083,503	7,508,113
	350,194,503	14,115,251	344,083,503	7,508,113

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
7.4.1 Movement in Available for Sale Financial Instruments				
As at 1 April	14,115,251	22,158,272	7,508,113	6,404,717
Purchases made during the Financial Year	837,870,662	358,100,000	831,765,313	568,500,000
Sales made during the year				
- Net gain transferred from Available for Sale Reserve (Note 10.2.1)	(11,446,276)	(17,097,695)	(10,840,927)	(13,860,259)
- Cost of Units Disposed during the Year	(502,100,002)	(365,468,642)	(495,500,002)	(567,228,947)
Gain/(Loss) on Available for Sale Financial Instruments	11,754,868	16,423,317	11,151,006	13,692,602
As at 31 March	350,194,503	14,115,251	344,083,503	7,508,113

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
8. INVENTORIES				
Food & Beverage Inventories	28,627,582	27,702,450	-	-
General, Housekeeping & Maintenance Inventories	19,074,678	10,921,815	-	-
Paddy Stock	1,356,953	344,316	-	-
Other Inventories	1,876,004	1,919,262	-	-
	50,935,217	40,887,843	-	-

Notes to the Financial Statements

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
9. TRADE AND OTHER RECEIVABLES				
Trade Debtors - Related Party (Note 9.1)	39,383,517	37,027,275	-	-
- Other	122,944,419	82,854,994	-	-
Less: Impairment of Trade Debtors (Note 9.1.1)	(761,269)	(325,974)	-	-
	161,566,667	119,556,295	-	-
Loans and Other Receivables - Related Party (Note 9.2)	342,005	4,772,625	-	43,499,014
- Other	10,136,633	10,519,689	257,748	135,489
	172,045,305	134,848,609	257,748	43,634,503
Prepayments	15,764,618	17,532,519	-	-
Statutory Receivables	20,074,238	7,382,233	-	-
	207,884,161	159,763,361	257,748	43,634,503

Year ended 31 March	Group		Company		
	Relationship	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
9.1 Trade Debtors-Related Party					
Jetwing Eco Holidays (Pvt) Ltd	Other Related Party	1,952,353	304,480	-	-
The Lighthouse Hotel PLC	Other Related Party	59,490	-	-	-
Jetwing Hotels Ltd	Other Related Party	350,690	-	-	-
Go Vacation Lanka Company (Pvt) Ltd	Other Related Party	7,182,034	4,838,226	-	-
Jetwing Events (Pvt) Ltd	Other Related Party	957,775	11,576	-	-
Jet Enterprises (Pvt) Ltd	Other Related Party	-	286,461	-	-
		10,502,343	5,440,743	-	-
Jetwing Travels (Pvt) Ltd	Significant Investor	28,881,175	31,586,532	-	-
		39,383,517	37,027,275	-	-
9.1.1 Impairment of Trade Debtors					
Balance as at 1st April		325,974	544,769	-	-
Recognized during the year		435,295	139,644	-	-
Written off during the year		-	(358,440)	-	-
Balance as at 31 March		761,269	325,974	-	-

Year ended 31 March	Group		Company		
	Relationship	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
9.2 Loans and Other Receivables - Related Party					
Jetwing Kaduruketha (Pvt) Ltd	Subsidiary	-	-	-	43,499,014
		-	-	-	43,499,014
Thirteen Development (Pvt) Ltd	Other Related Party	311,980	-	-	-
Jetwing Hotels Ltd	Other Related Party	30,025	4,772,625	-	-
		342,005	4,772,625	-	43,499,014
9.2.1 Jetwing Symphony PLC has given a short term loan to Jetwing Kaduruketha amounting to Rs 40 Mn during the previous year. This was settled in March 2018 and the loan was provided at the interest rate of AWPLR + premium p.a					
10. CAPITAL AND RESERVES					
10.1 Stated Capital					
Year ended 31 March	2018		2017		
	Number	Rs.	Number	Rs.	
Balance at the Beginning of the year	451,969,704	4,755,993,591	361,060,613	3,755,993,590	
Reconciliation Adjustment (Note 10.1.1)	(1)	24	-	-	
Fully Paid Ordinary Shares issued during the year (Note 10.1.2)	50,218,856	753,282,840	90,909,091	1,000,000,001	
Balance at the End of the year	502,188,559	5,509,276,455	451,969,704	4,755,993,591	
10.1.1 A reconciliation adjustment of Rs. 24/- has been made to the stated capital of the Company during the period to be in line with the share register. Further, the number of shares of the Company has also been amended by reducing one share to be in line with the share register.					
10.1.2 The Company raised Rs. 753 Mn through an Initial Public Offer for subscription of 50.2 Mn ordinary shares at an issue price of Rs. 15/- per share. The Company listed its shares on the Diri Savi Board of the Colombo Stock Exchange on 05 January 2018.					
10.2 Available-for-Sale Reserve					
Year ended 31 March	Group		Company		
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	
Balance as at beginning of the year	(1,055,147)	(80,613)	8,112	175,769	
Arising from - Quoted Equity Securities (Note 7.1.1)	251,108	(300,157)	-	-	
- Investment in Units (Note 7.4.1)	11,754,868	16,423,317	11,151,006	13,692,602	
Net Gain/(Loss) on Available-for-Sale Financial Instruments	12,005,976	16,123,160	11,151,006	13,692,602	
Available-for-Sale Financial Instruments Reclassified to Income Statement	(11,446,276)	(17,097,695)	(10,840,927)	(13,860,259)	
Balance as at the end of the year	(495,447)	(1,055,147)	318,191	8,112	

Notes to the Financial Statements

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
10.2.2 Revaluation Reserve				
On: Property Plant & Equipment				
As at 1 April	741,339,434	453,841,219	-	-
Effect of revaluation during the year (Note 4)	179,350,000	287,498,215	-	-
Deferred Tax on Revaluation of Land (Note 18.2)	(210,867,119)	-	-	-
As at 31 March	709,822,315	741,339,434	-	-

11. INTEREST BEARING BORROWINGS

Group

Year ended 31 March	2018		2018		2018		2017		2017		2017	
	Current Rs.	Non Current Rs.	Total Rs.	Current Rs.	Non Current Rs.	Total Rs.	Current Rs.	Non Current Rs.	Total Rs.	Current Rs.	Non Current Rs.	Total Rs.
11.1												
Long Term Loans (Note 11.3)	667,528,595	2,790,308,541	3,457,837,135	378,629,843	2,933,148,157	3,311,778,000						
Finance Lease (Note 11.2)	896,126	2,738,332	3,634,458	918,875	3,554,876	4,473,751						
Bank Overdraft (Note 16.2)	799,509,071	-	799,509,071	630,574,407	-	630,574,407						
	1,467,933,792	2,793,046,873	4,260,980,664	1,010,123,125	2,936,703,033	3,946,826,158						

11.2 Finance Lease Liability

	Balance as at 01.04.2017	Lease Obtained (Cash Inflow)	Repayment (Cash Outflow)	Balance as at 31.03.2018
	Rs.	Rs.	Rs.	Rs.
Finance Lease	5,710,142	5,308,080	(6,484,237)	4,533,985
Finance Charge Allocated to future periods	(1,236,391)			(899,527)
Net Liability	4,473,751			3,634,458

Notes to the Financial Statements

11.3 Long Term Loans

	Balance as at 01.04.2017	Loan Obtained (Cash inflow)	Repayment (Cash outflow)	Exchange Difference	Balance as at 31.03.2018
	Rs.	Rs.	Rs.	Rs.	Rs.
Commercial Bank of Ceylon PLC (USD) (a)	526,528,000	-	203,284,420	10,381,598	333,625,177
Commercial Bank of Ceylon PLC (LKR) (b)	99,800,000	-	35,000,000	-	64,800,000
Commercial Bank of Ceylon PLC (LKR) (c)	900,000,000	-	45,000,000	-	855,000,000
Commercial Bank of Ceylon PLC (LKR) (d)	1,145,000,000	-	72,298,571	-	1,072,701,429
Nation Trust Bank PLC (USD) (e)	53,200,000	-	7,002,032	1,280,061	47,478,029
Nation Trust Bank PLC (LKR) (f)	131,250,000	-	18,000,000	-	113,250,000
Commercial Bank of Ceylon PLC (USD) (g)	152,000,000	-	-	-	3,972,500
Commercial Bank of Ceylon PLC (USD) (h)	304,000,000	305,850,000	-	14,040,000	623,890,000
Commercial Bank of Ceylon PLC (USD) (i)	-	31,020,000	-	100,000	31,120,000
Commercial Bank of Ceylon PLC(LKR) (j)	-	160,000,000	-	-	160,000,000
	3,311,778,000	496,870,000	380,585,023	29,774,159	3,457,837,135

- 11.3.1**
- a. Secured term loan of USD 5.3 Mn repayable in 60 monthly installments commencing from September 2014 and 1 month LIBOR + Premium
 - b. Secured term loan of LKR 350 Mn repayable in 60 monthly installments commencing from October 2014 and 1 month AWPLR + Premium
 - c. Secured term loan of LKR 900 Mn repayable in 60 monthly installments commencing from September 2017 and 1 month AWPLR + Premium
 - d. Secured term loan of LKR 1,145 Mn repayable in 60 monthly installments commencing from December 2017 and 1 month AWPLR + Premium
 - e. Secured term loan of USD 350,000 repayable in 60 monthly installments commencing from April 2017 and 3 months LIBOR + Premium
 - f. Secured term loan of LKR 131.25 Mn repayable in 60 monthly installments commencing from April 2017 and 1 month AWPLR
 - g. Secured term loan of USD 1 Mn repayable in 60 monthly installments commencing from July 2018 and 1 month LIBOR + Premium
 - h. Secured term loan of USD 4 Mn (original loan amount USD 4.5 Mn) repayable in 60 monthly installments commencing from January 2019 and 1 month LIBOR + Premium
 - i. Secured term loan of USD 200,000 repayable in 60 monthly installments commencing from September 2019 and 1 month LIBOR + Premium
 - j. Secured term loan of LKR 160 Mn repayable in 60 monthly installments commencing from January 2019 and 1 month AWPLR + Premium

Notes to the Financial Statements

12. EMPLOYEE BENEFIT LIABILITIES

	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Balance as at 01 April	10,050,075	5,660,619	-	-
Charge for the year	6,916,377	1,564,616	-	-
Payments made during the year	(1,063,605)	(985,536)	-	-
Effects of transfers of staff among related parties during the year	7,976,749	3,810,376	-	-
Balance as at 31 March	23,879,596	10,050,075	-	-

12.1 Defined Benefit Plan Cost

	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Current Service Cost	5,142,203	1,596,104	-	-
Interest cost on Benefit Obligation	1,155,760	416,718	-	-
Service cost recognized in the Income Statement	6,297,963	2,012,822	-	-
Actuarial gain/(Loss) for the year recognized in Other Comprehensive Income	618,414	(448,206)	-	-
Balance as at 31 March	6,916,377	1,564,616	-	-

12.2 As at 31 March 2018, the gratuity liability was actuarially valued by Messrs. K.A.Pandit, an independent firm of actuaries.

Principal Actuarial Assumptions

The principal financial assumptions underlying the valuation are as follows:

	2018	2017
Discount Rate	11.50%	11.50%
Salary Increase	10%	10%
Staff Turnover	5% at each age	5% at each age
Remaining working life	14 Years	14 Years

The principal demographic assumption underlying the valuation is the retirement age of 60 years, applied consistently for both years.

Notes to the Financial Statements

12.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the most significant key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2017/18. The sensitivity of the Income Statement and Statement of Financial Position are the effect of the assumed changes in discount rate and salary increase rate on the profit or loss and post employment benefit liability for the year.

	Effect on Total Comprehensive Income - (Reduction)/Increase in LKR	Pro Forma Post Employee Benefit Liability LKR
Change in Assumptions		
+1% Change in Discount Rate	1,652,240	22,227,356
-1% Change in Discount Rate	(1,923,118)	25,802,714
+1% Change in rate of Salary Increase	(1,932,490)	25,812,086
-1% Change in rate of Salary Increase	1,687,365	22,192,231

12.4 Distribution of Post Employment Benefit Obligation Over Future Lifetime

The following table demonstrates distribution of future working lifetime of the Post Employment Benefit Obligation (Undiscounted) as at the reporting date.

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Less than or equal 1 year	1,270,423	670,987	-	-
Over 1 year and less than or equal 5 years	16,182,401	2,562,528	-	-
Over 5 year and less than or equal 10 years	6,411,842	5,187,339	-	-
Total	23,864,666	8,420,854	-	-

13. TRADE AND OTHER PAYABLES

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Trade Payables	29,100,712	34,456,263	-	-
Other Payables - Related Parties (Note 13.1)	17,540,182	14,402,231	-	34,031
Other Payables - Others	124,213,610	358,031,460	-	-
Sundry Creditors including Accrued Expenses	62,577,993	139,898,021	2,046,949	706,300
	233,432,498	546,787,975	2,046,949	740,331
Statutory Payables	43,134,650	18,868,198	-	-
	276,567,150	565,656,173	2,046,949	740,331

Notes to the Financial Statements

13.1 Other Payables - Related Parties

Year ended 31 March	Relationship	Group		Company	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Jetwing Hotels Ltd	Other Related Party	16,317,674	13,741,254	-	34,031
Jetwing Hotels Management Services (Pvt) Ltd	Other Related Party	971,233	564,238	-	-
Jet Enterprises (Pvt) Ltd	Other Related Party	-	95,841	-	-
St. Andrews Hotel (Pvt) Ltd	Other Related Party	-	898	-	-
		17,288,907	14,402,231	-	34,031
Blue Oceanic Beach Hotel (Pvt) Ltd	Significant Investor	251,275	-	-	-
		17,540,182	14,402,231	-	34,031

14. FINANCE COST & FINANCE INCOME

14.1 Finance Income

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Interest Income	1,079,614	10,093,775	4,850,248	9,650,974
Dividend Income	12,082	11,582	54,000	100,029
	1,091,696	10,105,357	4,904,248	9,751,003

14.2 Finance Cost

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Interest on Overdraft	84,798,585	32,111,764	17,905	44,409
Lease Interest	529,611	616,283	-	-
Bank Loan Interest	341,747,808	116,973,714	-	-
	427,076,004	149,701,762	17,905	44,409

15. OTHER INCOME

Capital Gain on sale of Units	11,446,276	17,097,695	10,840,927	13,860,259
Vehicle Hire Income	480,377	1,650,021	-	-
Insurance claim Received	682,720	228,150	-	-
Miscellaneous Income	275,864	-	-	-
	12,885,237	18,975,866	10,840,927	13,860,259

Notes to the Financial Statements

16. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

16.1 Favourable Cash and Cash Equivalent Balances

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Cash at Bank and in Hand	73,898,051	55,402,324	781,696	810,712
Other Current Financial Assets (Note 7.3)	2,778,793	622,309	-	-
	76,676,844	56,024,633	781,696	810,712

16.2 Unfavourable Cash & Cash Equivalent Balances

Bank Overdrafts (Note 11.1)	(799,509,071)	(630,574,407)	-	-
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(722,832,227)	(574,549,774)	781,696	810,712

17. PROFIT STATED AFTER CHARGING (CREDITING)

Employees benefits including the following	310,448,589	153,089,730	-	-
- Defined Benefits plan costs - Gratuity	6,297,963	2,012,824	-	-
- Defined Contribution Plan Cost - EPF & ETF	28,523,940	13,408,258	-	-
Depreciation (Note 4.2)	305,678,721	150,439,021	-	-
Amortisation (Note 5 & 6)	3,058,921	2,780,619	-	-
Donation	198,518	168,234	-	-
Hotel Operation & Marketing fees	80,917,706	39,392,445	-	-
Non Executive Directors fee	1,800,000	900,000	1,800,000	900,000
Profit /(Loss) on disposal of Property Plant & Equipment	(2,104,301)	2,887,214	-	-

Notes to the Financial Statements

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
18. INCOME TAX EXPENSES				
<i>Current Income Tax</i>				
Income Tax Expenses for the Year (Note 18.1)	1,574,217	2,873,669	1,358,069	2,702,273
Under/(Over) Provision of current taxes in respect of prior years	36,924	-	36,924	-
10% Dividend Tax on Intercompany Dividends	7,000	11,115	-	-
	1,618,141	2,884,784	1,394,993	2,702,273
18.1 Income Tax				
<i>The major components of income tax expense are as follows :</i>				
Profit /(Loss) Before Income Tax	(347,000,225)	(146,738,869)	4,957,077	(936,596)
Other Sources of Income	(4,831,778)	(9,890,233)	(4,850,248)	(9,650,974)
Aggregate disallowable Items	255,509,376	218,315,607	-	22,048,203
Aggregate Allowable Items	(667,282,138)	(942,553,053)	(10,894,927)	(13,960,288)
Business Losses (Note 18.2 b)	(763,604,765)	(880,866,548)	(10,788,098)	(2,499,655)
Business Profit	84,254	426,125	-	-
Other Sources of Income				
Statutory Income from Interest	4,916,032	9,890,233	4,850,248	9,650,974
Tax Losses Utilized	(29,489)	(24,276)	-	-
Taxable Income	4,970,797	10,292,082	4,850,248	9,650,974
Tax Rate	28% & 10%	28% & 10%	28%	28%
Income Tax Expenses for the Year	1,574,217	2,873,669	1,358,069	2,702,273

18.2 Deferred Tax Assets, Liabilities and Income Tax Relates to the following

	Statement of Financial Position		Income Statement		Other Comprehensive income/ Directly through Equity	
	2018 LKR	2017 LKR	2018 LKR	2017 LKR	2018 LKR	2017 LKR
Deferred Tax Liability						
On Land revaluation surplus	210,867,119	-	-	-	210,867,119	-
	210,867,119	-	-	-	210,867,119	-

Notes to the Financial Statements

- a) Deferred income taxes are calculated at the rate of 14%, which is tax rate effective from 1 April 2018 as per Inland Revenue Act No 24 of 2017.
- b) Tax losses incurred during tax holidays are not entitled to be carried forward after respective tax holidays.
- c) No material temporary differences exists other than for land, as at the reporting date.

19. EARNINGS PER SHARE

19.1 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 previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

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

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	(341,859,583)	(133,807,826)	3,562,084	(3,638,869)
Number of Ordinary Shares Used as Denominator:				
Weighted Average number of Ordinary Shares in issue	464,524,419	421,666,674	464,524,419	421,666,674
Applicable to Basic Earnings Per Share (LKR)	(0.74)	(0.32)	0.01	(0.01)

20. COMMITMENTS AND CONTINGENCIES

a) Capital Expenditure Commitments

The group has purchased and construction commitments on Property, Plant and Equipment incidental to the ordinary course of business as at 31 March , as follows,

	Group	
	2018 Rs.	2017 Rs.
Authorized by the Board, but not Contracted for	495,733,033	631,435,215
Contracted, but not provided	-	39,926,919

Notes to the Financial Statements

b) Operating Lease Commitments

Group lease rental commitment represents the lease rental payable to Sri Lanka Tourist Development Authority by Yala Properties (Pvt) Ltd to acquire the lease hold rights of land on which hotel has been constructed.

	Group	
	2018 Rs.	2017 Rs.
Lease rentals payable within one year	1,162,794	759,996
Lease rentals payable within one to five years	4,651,176	3,039,984
Lease rentals payable after five years	20,348,893	14,059,926
	26,162,863	17,859,906

c) Contingent Liabilities

There are no significant contingencies as at the reporting date that require adjustments to or disclosure in the Financial Statements other than the following.

A local authority has claimed a fee amounting to 1% of turnover for the issuance of trade license for the year 2017 & 2018 from a Group company. The company does not agree with such claim. The estimated contingent liability as at 31/03/2018 is Rs 8 Mn.

21. ASSETS PLEDGED

Nature of Assets	Nature of Liability	Group	
		Carrying Amount of the Assets Pledged	
		2018 Rs.	2017 Rs.
Land and Buildings	Primary mortgage over loans and borrowings	7,003,682,266	7,280,781,049

22. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
22.1 Transactions with Subsidiaries				
Amount Receivable as at 31 March (Note 9.2)				
	-	-	-	43,499,014
Nature of Transactions				
Investment made in Subsidiaries	-	-	446,603,600	924,000,000
Dividend Received	-	-	54,000	100,029
Short-term Loans granted/(settled)	-	-	(40,000,000)	40,000,000
Interest Received	-	-	4,604,624	3,499,014

Notes to the Financial Statements

22.2 Transactions with Other Related Parties

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

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Amount receivable as at 31 March (Note 9.1 & 9.2)	10,844,347	10,213,368	-	-
Amount payable as at 31 March (Note 13.1)	17,288,907	(14,402,231)	-	34,031
Nature of Transactions				
Transportation Charges	957,944	1,561,987	-	-
Hotel Development Fee	2,714,893	55,003,865	-	-
Purchases of Beverage & Others	24,133,970	15,485,891	-	-
Sale of Accommodation	62,557,513	23,675,001	-	-
Gratuity Transfer (Net)	8,277,308	3,802,323	-	-
Hotel Operation and Marketing Fee	80,917,705	39,392,445	-	-
Advertising Expenses and Other Reimbursements	39,893,455	28,818,305	2,870,118	462,200
Other Expenses	5,241,474	28,420	55,679	38,167
Sale of Assets	3,888,090	-	-	-
Laundry Charges	9,493,122	567,361	-	-
Sale of other items	1,325,464	699,375	-	-
Support Services	13,848,821	10,068,760	-	-
Purchase of Assets	-	9,410,860	-	-
Freight & Clearing Charges	-	7,859,451	-	-
Vehicle Hire Income	459,851	435,712	-	-
Brokerage Charges	16,915,893	11,892,857	16,915,893	11,892,857
Net Investment/(Redemption) in Units (Note 7.4.1)	324,324,384	(24,466,337)	325,424,384	(12,589,207)
Capital Gain from AFS Investment (Note 7.4.1)	11,446,276	17,097,695	10,840,927	13,860,259

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
22.3 Transactions with Key Management Personnel of the Company or its Parent				
The key management personnel of the Company are the members of its Board of Directors.				
Key Management Personnel Compensation				
Non Executive Directors Fee	1,800,000	900,000	1,800,000	900,000

Notes to the Financial Statements

22.4 Transaction with Significant Investors

Year ended 31 March	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Amount receivable as at 31 March (Note 9.1 & 9.2)	28,881,175	31,586,532	-	-
Amount payable as at 31 March (Note 13.1)	251,275	-	-	-
Advances for Shares	-	1,000,000,001	-	1,000,000,001
Temporary Advances	-	(29,000,000)	-	(29,000,000)
Transport Expenses	5,135,218	674,730	-	-
Purchase of Goods	320,009	229,172	-	-
Gratuity Transfers	140,054	120,928	-	-
Other Expenses	739,065	847,747	73,324	-
Advertising Expenses and Other Reimbursements	1,505,120	1,334,084	3,853	-
Sale of Accommodation	227,367,749	106,645,559	-	-
Vehicle Hire Income	20,528	25,238	-	-
Other Income	185,500	-	-	-

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- » Credit Risk
- » Liquidity Risk
- » Market Risk

Group's exposure to each of the above risks, and the Company's policies and procedures for measuring and managing risks are detailed below:

23.1 Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments. The maximum exposure will be equal to the carrying amount of these instruments.

Exposure to credit risk is monitored on an ongoing basis, and the Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and approval by credit committee. A credit approved customer list has been prepared by the credit committee and credit is only granted to these customers. Further, credit granted is subject to regular review during monthly meetings of the credit committee, to ensure it remains consistent with the customer's current credit worthiness and appropriate to the anticipated volume of business. Currently, certain free independent travelers' settlements are received at the time of departure and this is monitored by the General Managers of each hotel.

Short term Investments are made only in liquid short-term instruments in licensed commercial banks. Long term investments are made with the board approval.

Notes to the Financial Statements

a. The maximum exposure to credit risk at the reporting date was as follows:

	Group		Company	
	Carrying Value 31.03.2018 Rs.	31.03.2017 Rs.	Carrying Value 31.03.2018 Rs.	31.03.2017 Rs.
Cash at Bank and in Hand (Note 23 (d))	73,898,051	55,402,324	781,696	810,712
Other current Financial Assets (Note 23 (b))	352,973,296	14,737,560	344,083,503	7,508,113
Trade Receivables (Note 23 (c))	161,566,667	119,556,295	-	-
Other Receivables	10,478,637	15,292,314	257,748	43,634,503

b. Deposits with institutions and their credit rating details are as follows.

The group held current financial assets other than cash, in various financial and related institutions.

Group	Instrument	Credit Rating for 2018	Investment 2018 RS.	Credit Rating for 2017	Investment 2017 RS.
Hatton National Bank	Fixed Deposit	AA-	2,778,793	AA-	622,309
Capital Alliance Investment Ltd ("CAL")	CAL Corporate Treasury Fund	(Note I)	350,194,503	(Note I)	14,115,251
			352,973,296		14,737,560

Company	Instrument	Credit Rating for 2018	Investment 2018 RS.	Credit Rating for 2017	Investment 2017 RS.
Capital Alliance Investment Ltd ("CAL")	CAL Corporate Treasury Fund	(Note I)	344,083,503	(Note I)	7,508,113
			344,083,503		7,508,113

Note I

The CAL Corporate Treasury Fund invests in Banks, Corporate Debt and Government Securities. All corporate debt invested by the fund have a Fitch Rating higher or equal to "A-".

c. The ageing of trade receivable at the end of the reporting period was as follows:

Group	Gross Carrying amount 2018 Rs.	Impairment allowance Rs.	Net Carrying amount Rs.
Neither past due, nor impaired	108,889,331	-	108,889,331
Past due 31-60	40,799,626	-	40,799,626
Past due 61-180	11,161,062	-	11,161,062
Past due more than 180 days	1,477,917	(761,269)	716,648
	162,327,936	(761,269)	161,566,667
As at 31.03.2017	119,882,269	(325,974)	119,556,295

d. Cash at bank comprises balances in bank amounting to Rs. 73,898,051/- with banks which have a fitch rating higher or equal to "A-".

Notes to the Financial Statements

23.2 Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. At the year end, the Group has long term loans in both USD and LKR.

The following are the undiscounted contractual cash flows of financial liabilities as at 31 March.

Group	2018 Rs.	2017 Rs.
Secured Loans (Note 11.3)	3,457,837,135	3,311,778,000
Finance Lease (Note 11.2)	3,634,458	4,473,751
Bank Overdrafts (Note 16.1)	799,509,071	630,574,407
Trade and Other Payables (Note 13)	233,432,498	546,787,975
	4,494,413,162	4,493,614,133

Below table illustrates the maturity periods of Financial Liabilities

Group	1 - 6 Months Rs.	7 - 12 Months Rs.	1 - 5 Years Rs.	Total Rs.
Borrowings-LKR	162,544,286	221,607,143	1,881,600,000	2,265,751,429
Borrowings-USD	110,397,336	172,979,830	908,708,541	1,192,085,707
Finance Lease	433,175	462,951	2,738,332	3,634,458
Bank Overdrafts	799,509,071	-	-	799,509,071
Trade and Other Payables	233,432,498	-	-	233,432,498
Total 2018	1,306,316,366	395,049,924	2,793,046,873	4,494,413,162
Total 2017	1,305,161,116	251,749,984	2,936,703,033	4,493,614,133

23.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

a. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has foreign currency transactions which are affected by foreign exchange movements.

An analysis of the carrying amount of financial instruments based on the currency they are denominated as at 31 March 2018 are as follows:

Notes to the Financial Statements

Group	In USD	In EURO
Cash at Bank and in Hand	79,848	18,613
Trade Receivables	188,670	34,379
Secured Loans	(7,643,400)	-
Net Aggregate Carrying Value in respective currencies	(7,374,882)	52,992
Net aggregate carrying value in Rs. -2018	(1,150,275,950)	10,162,208
Net aggregate carrying value in Rs. -2017	(962,786,063)	7,119,346

Foreign Currency Sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant in effect to the aggregate value of interest bearing loan obtained from USD.

Year	Change in USD Rate	Effect on Profit Before Tax
2018	(+1%) (-1%)	(11,920,771) 11,920,771
2017	(+1%) (-1%)	(10,357,280) 10,357,280

The group invoices tour operators and travel agents based on the contracted foreign currency. Tour operators and certain key travel agents make settlements in foreign currency.

b. Interest rate risk

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

Interest rate sensitivity

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

Group	Assumed impact due to Increase/(decrease) in basis points	Effect on Profit Before Tax 31.03.2018 Rs.
Borrowings-LKR	+ 100 basis points	(22,023,784)
Borrowings-LKR	- 100 basis points	22,023,784
Borrowings-USD	+ 25 basis points*	(2,616,250)
Borrowings-USD	- 25 basis points*	2,616,250

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment changes to base rate of LIBOR and AWPLR.

* Excluding exchange rate transaction fluctuations and their effects

Notes to the Financial Statements

23.4 Capital Management

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 Group's objective for managing its capital is to ensure that Group 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. Further information of capital and reserves and their external borrowings are included in note 10 and 11.

24. FAIR VALUE

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- A. Cash at bank and in hand, trade and other receivables, short term deposits and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.
- B. Long-term variable-rate borrowings are evaluated by the Group based on parameters such as interest rates, risk characteristics of the financed project etc. As at the reporting date, the carrying amounts of such borrowings are not materially different from their calculated fair values.

24.1 Fair Value Hierarchy

As at 31 March 2018, the Group held the following financial instruments carried at fair value on the Statement of Financial Position.

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

Assets Measured at Fair Value	Group			
	Total Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Available-for-Sale Financial Assets				
2018				
Quoted Equity Investments (Note 7.1)	3,065,499	3,065,499	-	-
Non-quoted Equity Investments (Note 7.4)	350,194,503	-	350,194,503	-
Total	353,260,002	3,065,499	350,194,503	-
2017				
Quoted Equity Investments (Note 7.1)	2,814,391	2,814,391	-	-
Non Quoted Equity Investments (Note 7.4)	14,115,251	-	14,115,251	-
Total	16,929,642	2,814,391	14,115,251	-

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

Level 2 : Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

25. 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.

Related Companies which had Transactions with the Group/Company

Name of Company	Nature of Transactions	Transactions with Group Companies		Transactions with Company	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Jetwing Hotels Ltd	Hotel Operation and Marketing Fee	80,917,705	39,392,445	-	-
	Advertising Expenses and Other Reimbursements	34,073,473	25,207,275	-	462,200
	Hotel Development Fee	2,714,893	55,003,865	-	-
	Gratuity Transfer	154,167	695,331	-	-
	Other Expenses	5,500	35,091	-	-
Jetwing Travels (Pvt) Ltd	Transportation Charges	5,058,169	539,114	-	-
	Sale of Accommodation	226,771,700	106,381,500	-	-
	Advertising Expenses and Other Reimbursements	1,540,109	1,615,020	-	-
	Other Expenses	447,241	638,606	-	-
	Vehicle Hire Income	14,450	19,458	-	-
Capital Alliance Investments Ltd	Sale of Accommodation	166,071	-	-	-
	Capital gain from AFS investment	10,840,927	-	-	-
	Net Investment in Corporate Treasury fund	325,424,384	-	-	-
Negombo Hotels Ltd	Sale of Accommodation	99,265	232,515	-	-
	Advertising Expenses and Other Reimbursements	9,304	-	-	-
	Gratuity Transfer	74,507	180,557	-	-
	Sale of Rice	14,000	-	-	-
	Other Expenses	-	37,801	-	-
	Transportation Charges	-	23,949	-	-
	Vehicle Hire Income	-	4,378	-	-
Jetwing Hotels Management Services (Pvt) Ltd	Laundry Charges	9,493,122	567,361	-	-
	Advertising Expenses and Other Reimbursements	636,604	748,613	-	-
	Vehicle Hire Income	19,764	2,891	-	-
	Transportation Charges	-	176,665	-	-

Related Companies which had Transactions with the Group/Company

Name of Company	Nature of Transactions	Transactions with Group Companies		Transactions with Company	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Seashells Hotel (Pvt) Ltd	Advertising Expenses and Other Reimbursements	154,281	51,416	-	-
	Sale of Accommodation	13,155,896	927,148	-	-
	Other Expenses	4,997,346	72,899	-	-
	Gratuity Transfer	7,577,451	-	-	-
	Purchase of Goods	825	-	-	-
	Vehicle hire income	3,443	9,138	-	-
	Sale of Rice	138,250	152,750	-	-
Jet shipping and logistics (Pvt) Ltd	Advertising Expenses and Other Reimbursements	-	350	-	-
	Transport Charges	-	1,008,663	-	-
	purchase of assets	-	768,479	-	-
	Import clearing charges	-	826,150	-	-
	Freight & clearing charges	-	7,033,301	-	-
Blue Oceanic Beach Hotel (Pvt) Ltd	Purchases of Beverage & Others	118,309	54,500	-	-
	Advertising Expenses and Other Reimbursements	42,060	22,916	-	-
	Sale of Accommodation	596,050	216,343	-	-
	Gratuity Transfer	140,054	122,918	-	-
	Purchase of Goods	201,700	172,417	-	-
	Other Expenses	218,500	52,469	-	-
	Vehicle hire income	6,078	5,780	-	-
	IPO Expenses	73,324	-	-	-
	Sale of Rice	185,500	334,875	-	-
	Settlement of advance	-	29,000,000	-	29,000,000
Villa Properties (Pvt) Ltd	Support Services	13,848,821	10,068,760	-	-
Jet Enterprises (Pvt) Ltd	Purchases of Beverage & Others	18,513,863	13,105,920	-	-
	Purchase of Goods	3,509,707	-	-	-
	Purchase of Assets	3,246,272	8,418,603	-	-
	Other Expenses	583,001	-	-	-
	Vehicle hire income	8,415	3,613	-	-
Jetwing Events (Pvt) Ltd	Sale of Accommodation	10,656,795	3,874,781	-	-

Related Companies which had Transactions with the Group/Company

Name of Company	Nature of Transactions	Transactions with Group Companies		Transactions with Company	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
The Lighthouse Hotel PLC	Sale of Accommodation	646,982	260,724	-	-
	Gratuity Transfer (Net)	94,846	-	-	-
	Goods Transfer	7,143	308,397	-	-
	Purchase of Goods	11,675	1,300	-	-
	Other Expenses	5,148	-	-	-
	Vehicle hire income	42,075	101,575	-	-
	Sale of Rice	119,000	65,000	-	-
	Advertising Expenses & Other Reimbursements	-	13,087	-	-
	Purchase of Assets	-	1,801,802	-	-
	Transportation charges	-	229,592	-	-
St. Andrews Hotel (Pvt) Ltd	Other Expenses	74,722	-	-	-
	Sale of Accommodation	426,078	13,774	-	-
	Other Expenses	18,288	-	-	-
	Transportation Charges	827,551	179,913	-	-
	Gratuity Transfer (Net)	10,036	116,204	-	-
	Vehicle hire income	14,663	15,385	-	-
	Purchases of goods	2,100	112,694	-	-
	Sale of Rice	3,500	68,250	-	-
	Advertising Expenses & Other Reimbursements	-	125,362	-	-
Atlas Investments (Pvt) Ltd	Sale of Accommodation	18,295	-	-	-
Yarl Hotels (Pvt) Ltd	Sale of Accommodation	40,447	-	-	-
	Vehicle hire income	166,430	171,190	-	-
	Purchases of goods	3,500	-	-	-
	Sale of Rice	42,000	-	-	-
Thalahena Beach Houses (Pvt) Ltd	Sale of Accommodation	10,452	-	-	-
	Gratuity Transfer	106,083	-	-	-
Go Vacation Lanka Company (Pvt) Ltd	Sale of Accommodation	22,029,806	12,003,971	-	-

Related Companies which had Transactions with the Group/Company

Name of Company	Nature of Transactions	Transactions with Group Companies		Transactions with Company	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
The Royal Heritage (Pvt) Ltd	Sale of Accomodation	522,605	284,412	-	-
	Purchases	36,309	-	-	-
	Advertising Expenses & Other Reimbursements	84,796	2,282,399	-	-
	Sale of Assets	309,448		-	-
	Gratuity Transfer	395,313	2,142,500	-	-
	Transportation Charges	20,130	-	-	-
	Goods Transfer	70,087	-	-	-
	Other Expenses	59,059	-	-	-
	Vehicle hire income	27,838	43,223	-	-
	Sale of Rice	55,000	-	-	-
Negombo Properties (Pvt) Ltd	Sale of Accomodation	144,041	34,371	-	-
	Advertising Expenses & Other Reimbursements	36,203	6,923	-	-
	Goods Transfer	-	81,934	-	-
Jetwing Eco Holidays (Pvt) Ltd	Sale of Accomodation	7,941,948	2,701,532	-	-
Fortune Premier (Pvt) Ltd	Advertising Expenses & Other Reimbursements	5,850	-	-	-
	Vehicle hire income	33,830	26,988	-	-
	Sale of Accomodation	31,794	-	-	-
	Goods Transfer	-	32,774	-	-
Unawatuna Properties (Pvt) Ltd	Sale of Accomodation	21,085	-	-	-
	Gratuity Tranmsfer	85,037	-	-	-
	Other Expenses	551,726	-	-	-
	Sale of other items	539,928	-	-	-
	Vehicle hire income	96,603	12,878	-	-
Ahangama Properties (Pvt) Ltd	Other Expenses	103,255	-	-	-
	Vehicle hire income	468	-	-	-

Related Companies which had Transactions with the Group/Company

Name of Company	Nature of Transactions	Transactions with Group Companies		Transactions with Company	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Thirteen Development Lanka (Pvt) Ltd	Sale of Assets	332,370	-	-	-
	Sale of other items	271,287	-	-	-
	Other Expenses	88,628	1,135	-	-
	Sale of Accommodation	6,118,394	3,221,644	-	-
	Goods Transfer	463,937	290,223	-	-
	Transport Charges	34,638	15,620	-	-
	Advertising expenses & other reimbursement	-	42,030	-	-
Jetwing Air (Pvt) Ltd	Sale of Accommodation and Transfers	102,904	163,043	-	-
Jie Shong Jie Lanka Development Construction And Engineering	Gratuity Transfer (Net)	113,694	27,638	-	-
	Other Expenses	1,402	-	-	-
First Resort (Pvt) Ltd	Sale of Accomodation	142,096	4,800	-	-
	Gratuity Transfer	85,250	175,113	-	-
	Other Expenses	1,223	-	-	-
	Vehicle hire income	6,120	9,393	-	-
	Sale of Rice	128,500	78,500	-	-
	Advertising Expenses & Other Reimbursements	-	22,623	-	-
Jetwing Ayurveda (Pvt) Ltd	Advertising Expenses & Other Reimbursements	12,826	-	-	-
	Vehicle hire income	3,570	2,508	-	-
	Gratuity Transfer	-	17,729	-	-
	purchase of fixed assets	-	398,980	-	-
Lanka Dhivya (Pvt) Ltd	Sale of Accomodation	51,375	-	-	-
	Purchase of Goods	-	1,000	-	-
Jetwing Ayurveda (Pvt) Ltd	Sale of Accomodation	26,261	-	-	-
CECCATO Colombo (Pvt) Ltd	Purchased of Food & beverages	684,128	-	-	-
	Purchase of goods	247,696	-	-	-
	Other Expenses	-	38,167	-	38,167

Related Companies which had Transactions with the Group/Company

Name of Company	Nature of Transactions	Transactions with Group Companies		Transactions with Company	
		2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Q & E Advertising (Pvt) Ltd	Advertising Expenses	4,128,145	-	-	-
Three Seas (Pvt) Ltd	Gratuity Transfer	63,590	13,762	-	-
	Advertising Expenses & Other Reimbursements	-	5,707	-	-
	Vehicle hire income	-	26,180	-	-
North Gate Hotel (Pvt) Ltd	Vehicle hire income	33,023	-	-	-
	Sale of Rice	14,000	-	-	-
Jetwing Real Estate (Pvt) Ltd	Vehicle hire income	-	6,375	-	-
Capital Alliance Partners Ltd	IPO Issue Manager fee	13,284,749	-	-	-
	Sale of Accomodation	204,921	-	-	-
	Brokerage Charges	-	11,892,857	-	11,892,857
Capital Alliance Securities (Pvt) Ltd	Brokerage fees	3,631,144	-	-	-
Jetwing City (Pvt) Ltd	Investments in subsidiaries	-	-	24,753,600	300,000,000
Cultural Heritage (Pvt) Ltd	Investments in subsidiaries	-	-	200,000,000	370,000,000
Yala Safari Beach Hotel (Pvt) Ltd	Investments in subsidiaries	-	-	-	200,000,000
Uppuveli Beach (Pvt) Ltd	Investments in subsidiaries	-	-	2,000,000	-
Uppuveli villas (Pvt) Ltd	Investments in subsidiaries	-	-	1,000,000	-
The Riverbank (Pvt) Ltd	Dividend received	-	-	54,000	-
Jetwing Kaduruketha (Pvt) Ltd	Loans Granted	-	-	-	40,000,000
	Loans settled	-	-	40,000,000	-
	Investments in subsidiaries	-	-	150,000,000	-
	Loan interest	-	-	4,604,624	3,499,014
Pottuvil point (Pvt) Ltd	Investments in subsidiaries	-	-	68,850,000	50,000,000
	shares pending allotment	-	-	-	4,000,000

Names of the Directors of the Related Companies which had Transactions with the Group

Directors of Subsidiaries

- **Yala Properties (Pvt) Ltd**
Directors
Mr. N.J.H.M. Cooray
Mr. R.A.E. Samarasinghe and
Mr. N.H.V. Perera
- **Pottuvil Point (Pvt) Ltd**
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe
- **The Riverbank (Pvt) Ltd**
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe
- **Uppuveli Beach (Pvt) Ltd**
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe
- **Cultural Heritage (Pvt) Ltd**
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe

Directors of Other Related Companies

- **Jetwing Hotels Ltd**
Directors
Mr. N.J.H.M. Cooray,
Ms. N.T.M.S. Cooray,
Mr. R.A.E. Samarasinghe,
Mr. R.A.E. Samarasinghe,
Mr. C.S.R.S. Anthony and
Mr. J.S.W. Kasturi Arachchi
- **The Royal Heritage Hotel (Pvt) Ltd**
Directors
Mr. N.J.H.M. Cooray,
Mr. R.A.E. Samarasinghe,
Mr. B.K. Chaudhary and
Mr. R.K. Chaudhary
- **Jet Enterprises (Pvt) Ltd**
Directors
Mr. N.J.H.M. Cooray,
Ms. N.T.M.S. Cooray,
Mr. R.A.E. Samarasinghe,
Ms. N.T.M.S. Cooray,
Mr. C.S.R.S. Anthony and
Mr. J.S.W. Kasturi Arachchi
- **Jetwing Travels (Pvt) Ltd**
Directors
Ms. N.T.M.S. Cooray,
Mr. N.J.H.M. Cooray,
Mr. R.A.E. Samarasinghe and
Mr. R.J. Arasaratnam
- **Jetwing Eco Holidays (Pvt) Ltd**
Directors
Mr. N.J.H.M. Cooray,
Mr. R.A.E. Samarasinghe,
Mr. R.J. Arasaratnam,
Mr. R.M.N. Lokuge and
Mr. C.S.R.S. Anthony
- **Jetwing Hotels Management Services (Pvt) Ltd.**
Directors
Mr. N.J.H.M. Cooray,
Ms. N.T.M.S. Cooray and
Mrs. A.M.J. Cooray

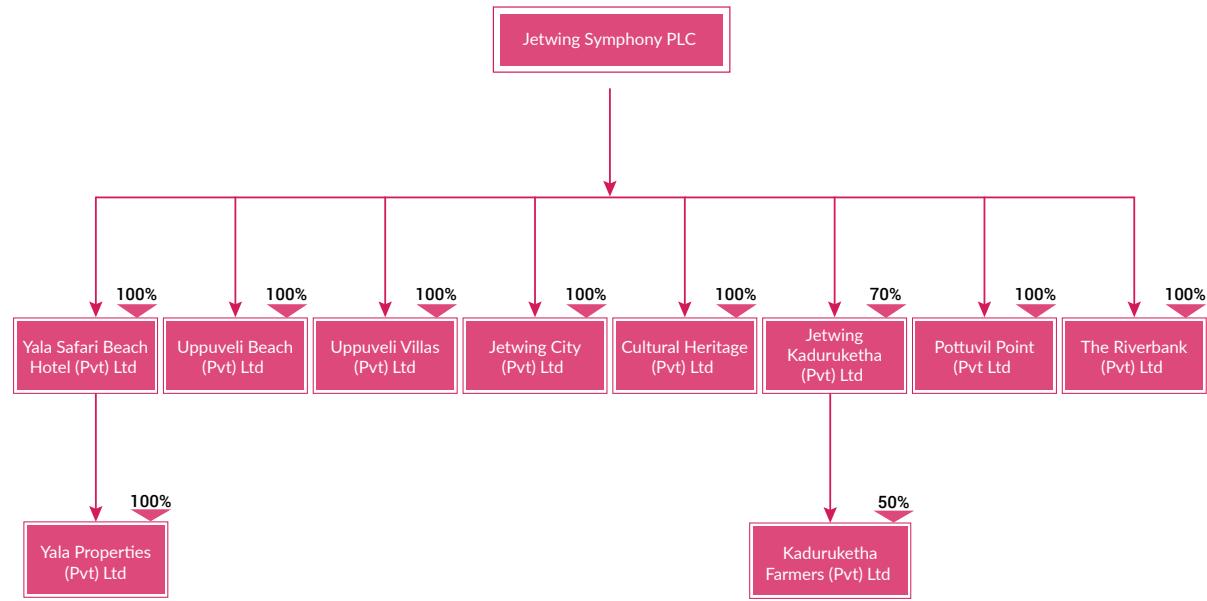
Names of the Directors of the Related Companies which had Transactions with the Group

- Jetwing Events (Pvt) Ltd
Directors
Ms. N.T.M.S. Cooray and
Mr R.J. Arasaratnam
- Negombo Properties (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe
- Jetwing Ayurveda (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe
- Blue Oceanic Beach Hotel (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray,
Mrs A.M.J. Cooray,
Mr. R.A.E. Samarasinghe,
Mr. N.H.V. Perera and
Ms. M.D.H. Gunawardena
- Yarl Hotels (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray,
Mr. R.A.E. Samarasinghe,
Ms. N.T.M.S. Cooray,
Mr. R.N. Asirwathan
Mr. B.A.B. Goonetilleke and
Mr. K. Balasundaram
- The First Resort (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray,
Mrs. A.M.J. Cooray,
Mr. R.A.E. Samarasinghe and
Mr. C.S.R.S. Anthony
- The Lighthouse Hotel PLC
Directors
Mr. N.J.H.M. Cooray,
Mr. R.A.E. Samarasinghe,
Ms. N.T.M.S. Cooray,
Mr. N. Wadugodapitiya,
Mr. C.S.R.S. Anthony,
Mr. Ranil de Silva,
Mr. E.P.A. Cooray,
Ms. A.M. Ondaatjie,
Dr. C. Pathiraja,
Mr. T. Nadesan and
Mr. A.T.P. Edirisinghe
- Seashells Hotel (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray,
Mr. R.A.E. Samarasinghe,
Mr. B.K. Chaudhary and
Mr. R.K. Chaudhary
- Thirteen Developments Lanka (Pvt) Ltd
Directors
Mr. L.K. Porter and
Ms. V.L. Porter
- Negombo Hotels Ltd
Directors
Mr. N.J.H.M. Cooray,
Ms. N.T.M.S. Cooray,
Mrs. A.M.J. Cooray and
Mr. R.A.E. Samarasinghe
- Jetwing Air (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray,
Ms. N.T.M.S. Cooray,
Mr. R.J. Arasaratnam and
Mr. Y.S. Peiris
- St. Andrew's Hotel (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe
- Fortune Premier (Pvt) Ltd
Directors
Mr. T. Nadesan,
Ms. C.Y. Gunawardena and
Mr. C.N. Sanjay
- Jet Shipping & Logistics (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray and
Mr. A.I.S.B. Munasinghe
- Go Vacation Lanka Company (Pvt) Ltd
Directors
Ms. N.T.M.S. Cooray
Mr. R.J. Arasaratnam
Mr. R.V.G.G.G. Honings and
Mr. C.C.E.J. Mueller
- Ahangama Properties (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe
- Atlas Investments (Pvt) Ltd
Directors
Mr. K.S.CD. Perera and
Ms. C.D. Liyanage

Names of the Directors of the Related Companies which had Transactions with the Group

- Jie Zhong Jie Lanka Developing Construction and Engineering (Pvt) Ltd
Directors
Mr. J. Liango
Mr. S.S. Silva
- Three Seas (Pvt) Ltd
Directors
Ms. E.A.F. Robijus,
Mr. C.H.M. Cadell,
Ms. P.M.J. Cohenec,
Mr. G.M. Chautard and
Mr Ranil de Silva
- Unawatuna Properties (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe
- Jetwing Real Estate (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray
Ms. N.T.M.S. Cooray and
Mrs. A.M.J. Cooray
- Ceccato Colombo (Pvt) Ltd
Director
Mr. G. Rocchi
- Capital Alliance Securities (Pvt) Ltd
Directors
Mr. W.A.T Fernando,
Mr. H.G.A. Aturupane and
Ms H.M.S. Perera
- Hotel North Gate(Pvt) Ltd
Director
Mr. S.. Yasotharan,
Mrs. S. Sinthusa,
Mr. T. Jegaseelan and
Mrs. J. Pathmaveni
- Q&E Advertising (Pvt) Ltd
Directors
V. J. Kannangara
M.R.S. Kannangara
S.M. Kannangara
R.P. Kannangara
A.E.W. Abhayarathne
Samitha Dias
- Villa Properties (Pvt) Ltd
Director
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe
- Thalahena Beach Houses (Pvt) Ltd
Directors
Mr. N.J.H.M. Cooray and
Mr. R.A.E. Samarasinghe

Group Structure



Information to Shareholders and Investors

We realize that we are accountable to our dear investors. At Jetwing Symphony we strive to keep our investors well-informed. To strengthen investor confidence we have ensured transparency and openness in all our business operations. Our valued institutional and individual investors who provide financial capital expect satisfactory returns.

The Number of Shareholders as at 31st March 2018

Number of Shares held	Residents			Non - Residents			Total	
	No of Share holders	No. of Shares	%	No of Share holders	No.of Shares	%	No.of Shares	No.of Shares
1 - 1,000	296	98,901	0.02	1	100	0.00	297	99,001 0.02
1,001 - 5,000	92	253,085	0.05	-	-	-	92	253,085 0.05
5,001 - 10,000	23	188,880	0.04	-	-	-	23	188,880 0.04
10,001 - 50,000	33	812,463	0.16	1	33,300	0.01	34	845,763 0.17
50,001 - 100,000	12	832,597	0.17	-	-	-	12	832,597 0.17
100,001 - 500,000	17	4,220,252	0.84	2	450,000	0.09	19	4,670,252 0.93
500,001 - 1,000,000	7	5,283,703	1.05	4	3,529,918	0.70	11	8,813,621 1.75
Over 1,000,000	24	381,420,593	75.95	4	105,064,767	20.92	28	486,485,360 96.87
Total	504	393,110,474	78.28	12	109,078,085	21.72	516	502,188,559 100.00

Categories of Shareholders	Total		
	No.of Shareholders	No.of shares	%
Individuals	482	96,903,516	19.30
Institutions	34	405,285,043	80.70
Total	516	502,188,559	100.00

There were no non - voting shares as at 31st March 2018

The Company raised LKR 753,282,840 through an IPO offer for subscription of 50,218,856 ordinary shares at a issue price of LKR 15/- per share for the objectives as setout in page 129. There were no meterial change in the use funds. Company listed its shares on the Diri Savi Board of the Colombo Stock Exchange on 5th January 2018.

18.48% of the issued capital of the Company was held by the public, comprising of 496 shareholders and a float adjusted market capitalisation of LKR 1,252,860,017 as at 31 March 2018. In terms of Rule 7.13.1 .(b) of the Listing Rules of the Colombo Stock Exchange, the Company qualifies under option 1 of the minimum public holding requirement.

Information to Shareholders and Investors

20 Largest Shareholders as at 31st March 2018

Name of Shareholder	No of Shares	%
JETWING TRAVELS (PVT) LTD	93,767,471	18.67
R.O.K. INTERNATIONAL HOLDINGS LIMITED	90,909,091	18.10
BLUE OCEANIC BEACH HOTEL (PVT) LTD	66,214,150	13.19
EMPLOYEES PROVIDENT FUND	35,454,545	7.06
N J COORAY (BUILDERS) (PVT) LTD.	29,088,096	5.79
MRS. A.M.J.COORAY	27,374,055	5.45
AMALIYA PRIVATE LTD	25,109,400	5.00
SRI LANKA SHIPPING COMPANY LTD	22,727,273	4.53
MR. N.J.H.M.COORAY	21,060,311	4.19
MISS N.T.M.S.COORAY	19,179,297	3.82
RMP PARTNERS LTD	11,505,676	2.29
JETWING HOTELS MANAGEMENT SERVICES (PVT) LTD	5,562,059	1.11
ST. ANDREWS HOTEL (PVT) LTD	5,100,000	1.02
SEYLAN BANK PLC. - A/C NO. 3	3,328,749	0.66
MR. N.H.V.PERERA	3,176,609	0.63
NILAVELI BEACH HOTELS (PVT) LTD	3,102,755	0.62
MR. N.J.D.M.COORAY	3,061,439	0.61
MR. N.A.H.COORAY	2,861,439	0.57
MR. N.J.H.COORAY	2,861,439	0.57
MR. G.R.COORAY ARASARATNAM	2,861,439	0.57
TOTAL	474,305,293	94.45

Market Value and Trading of Shares

	31st March 2018
Market Value per share as at (Rs.)	13.5
Highest Market Value per share - During the Period (Rs.)	16
Lowest Market Value per share - During the Period (Rs.)	13.2

Share Trading during the period

	31st March 2018
Number of transactions	385
Number of shares Traded	274,849
Value of Shares Traded (Rs)	4,102,354

Real Estate Holdings of the Group

Description of the Property	Location	Building in Sq. Ft	Land Extent Acres	Net Book Value as at 31/03/2018 (Rs.'000')
		Freehold	Leasehold	
Yala Properties (Pvt) Ltd				
Jetwing Yala	Yala	243,657	-	54.00 979,181
Jetwing Kaduruketha (Pvt) Ltd				
Jetwing Kaduruketha	Wellawaya	30,513	-	63.00 308,935
Culturala Heritage (Pvt) Ltd				
Jetwing Lake	Dambulla	146,236	17.18	- 1,787,360
Jetwing City (Pvt) Ltd				
Jetwing Colombo Seven	Colombo	163,468	0.44	- 3,482,567
Uppuveli Beach (Pvt) Ltd	Uppuveli	-	14.01	- 237,500
The Riverbank (Pvt) Ltd	Kandy	-	1.91	- 58,000
Uppuveli Villas (Pvt) Ltd	Uppuveli	-	6.00	- 115,200
Pottuvil Point (Pvt) Ltd				
Jetwing Surf	Pottuvil	43,546	7.29	- 494,650

Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transactions	Aggregate Value of Related Party Transactions Entered into during the Financial Year (Rs)	Aggregate Value of Related Party Transactions as a % of Net Revenue	Terms and Conditions of the Related Party Transactions
Jetwing Travels (Pvt) Ltd.	Other Related Party	Sale of Accommodation	226,501,622/-	14.95%	<ul style="list-style-type: none"> Credit Period of 30 days Normal Trade Discounts
Capital Alliance Investments Ltd (Note 1)	Other Related Party	Investment in Units of Corporate Treasury Fund	837,870,662/- (Note 2)	55.3%	<ul style="list-style-type: none"> Prevailing Market prices for the units
		Redemption of units of Corporate Treasury Fund	513,546,278/- (Note 2)	33.9%	
		Capital Gain from redemption of units	11,446,276/-	0.76%	

Note 1 - Capital Alliance Investments Ltd ("CAL") is a firm licensed by the Securities Exchange Commission. CAL Corporate Treasury Fund invests in Banks, Corporate Debt and Government Securities. All corporate debt invested by the fund have a Fitch Rating higher or equal to "A-".

Note 2 - Jetwing Symphony PLC have invested the unutilised IPO funds in CAL Corporate Treasury Fund. Further, units amounting to Rs. 343,765,313/- was redeemed and reinvested in March 2018.

Status of the Utilization of IPO Funds

The Company has collected IPO funds LKR 753,282,840/- for the said objectives of the prospectus. Current status of the utilization of the said objectives are listed below:

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in (LKR Mn)	Proposed date of utilization as per Prospectus	Amount allocated in LKR Mn (A)	% of total proceeds	Amount utilized in LKR Mn (B)	% of utilized against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: whether lent to related party/s etc)
01.	Investment in The Riverbank (Private) Limited for project completion	300	January 2018 to July 2019	300	39.8%	-	-	Unutilized funds have been temporarily invested with Capital Alliance Investments Ltd.
02.	Investment in Pottuvil Point (Private) Limited for project completion	50	4th quarter FY18	50	6.6%	50	100%	
03.	Investment in Cultural Heritage (Private Limited) for the settlement of debt	200	4th quarter FY18	200	26.6%	200	100%	
04.	Investment in Jetwing Kaduruketha (Private Limited) for the settlement of debt	150	4th quarter FY18	150	19.9%	150	100%	
05.	Financing future investments and working capital requirements	15	January 2018 to March 2019	15	2.0%	-	-	Unutilized funds have been temporarily invested with Capital Alliance Investments Ltd
06.	Settlement of IPO costs	38	January 2018 to March 2018	38	5.1%	24	63%	Unutilized funds have been temporarily invested with Capital Alliance Investments Ltd
Total		753		753		424	56%	

Five Year Summary

GROUP Year ended 31st March,	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000
OPERATING RESULTS					
Revenue	1,515,032	734,742	508,470	345,083	113,446
Profit/(Loss) Before Taxation	(347,000)	(146,739)	(80,408)	(120,791)	(91,678)
Taxation	(1,618)	(2,885)	(50)	(596)	(1,827)
Profit/(Loss) After Taxation	(348,618)	(149,624)	(80,458)	(121,387)	(93,505)
SHAREHOLDERS' FUNDS					
Stated Capital	5,509,276	4,755,994	3,755,994	3,139,994	2,314,001
Reserves	709,327	740,284	453,761	541,862	(863)
Retained Earnings	(845,144)	(485,822)	(352,375)	(274,975)	(140,997)
	5,373,460	5,010,456	3,857,379	3,406,880	2,172,141
Non Controlling Interest	22,543	29,305	45,034	(567)	-
Shareholders' Funds	5,396,003	5,039,761	3,902,413	3,406,313	2,172,141
LIABILITIES					
Interest Bearing Loans & Borrowings	4,260,981	3,946,826	2,044,582	1,166,684	1,369,070
Current Liabilities	276,776	567,716	227,821	107,166	97,059
Other Liabilities	23,880	10,050	5,661	2,506	2,686
Deferred Tax liabilities	210,867	-	-	-	-
TOTAL EQUITY AND LIABILITIES	10,168,506	9,564,353	6,180,477	4,682,669	3,640,956
ASSETS					
Property, Plant & Equipment	8,846,778	8,656,161	5,237,172	3,832,192	2,968,748
Leasehold Property/Prepaid Lease Rent	49,010	50,970	52,930	-	-
Intangible Assets	583,576	583,248	582,169	581,473	580,227
Investments/Other Non-Current Financial Assets	3,065	2,814	3,115	3,688	3,143
Current Assets	686,076	271,159	305,091	265,316	88,839
TOTAL ASSETS	10,168,506	9,564,353	6,180,477	4,682,669	3,640,956
CASH FLOW					
From Operating Activities	(354,629)	406,989	18,972	(162,920)	(99,984)
From Investing Activities	(647,394)	(3,241,086)	(916,242)	(826,896)	(1,227,424)
From Financing Activities	853,740	2,528,693	724,865	938,764	1,160,565
Net Cash Inflow/(Outflow)	(148,282)	(305,404)	(172,405)	(51,052)	(166,843)
Cash & Cash Equivalents as at 31 March	(722,832)	(574,549)	(269,145)	(96,740)	(45,688)
KEY INDICATORS					
Earnings/(Loss) per Ordinary Share (Rs.)	(0.74)	(0.32)	(0.22)	(0.43)	(0.41)
Net Assets per Ordinary Share (Rs.)	10.70	11.09	10.68	11.17	9.45
Market Value per Share (Rs.)	13.50	N/A	N/A	N/A	N/A
No. of Operating Hotels	05	04	02	01	01

Corporate Information**NAME OF COMPANY**

Jetwing Symphony PLC
Company Number PV/PB 13254 PQ

AUDITORS

Messrs Ernst & Young
Chartered Accountants
201, De Saram Place
Colombo 10.

HOTEL OPERATION & MARKETING

Jetwing Hotels Ltd.
"Jetwing House"
46/26, Nawam Mawatha
Colombo 2.
Phone : 2345700

REGISTERED OFFICE

"Jetwing House"
46/26, Nawam Mawatha
Colombo 2.

BANKERS

Commercial Bank of Ceylon PLC
Hatton National Bank PLC

AUDIT COMMITTEE

N. Wadugodapitiya - Chairman
K.K. Reddy (Ms)

REMUNERATION COMMITTEE

V.J. Kannangara (Dr) - Chairman
L.K. Porter
K.K. Reddy (Ms)

RELATED PARTY TRANSACTIONS**REVIEW COMMITTEE**

N. Wadugodapitiya - Chairman
Y. Fernando (Ms)
V.J. Kannangara (Dr)

SECRETARIES

Corporate Services (Pvt) Ltd.
216, De Saram Place
Colombo 10.
Phone : 4718200

Notice of Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of Jetwing Symphony PLC (the "Company") will be held on Thursday, 12th July 2018 at 11.00 a.m. at Jetwing Colombo Seven, No. 57, Ward Place, Colombo 07 for the following purposes.

1. To receive and consider the annual report of the board of Directors together with the financial statements of the Company for the year ended 31st March 2018 and the report of the Auditors thereon.
2. To re-elect Mr. S.D. Amalean, who retires in terms of Article 26 (4) of the Articles of Association of the Company, and being eligible offers himself for re-election as a Director of the Company.
3. To re-appoint Ernst & Young, who are deemed to be re-appointed as Auditors of the Company until the conclusion of the next AGM of the Company in terms of section 158 (1) of the Companies Act No. 07 of 2007, to audit the financial statements of the Company for the financial year ending 31st March 2019 and to authorise the Directors to determine their remuneration therefor.
4. To authorise the Directors to determine contributions to charities for the ensuing year.

By order of the Board

Corporate Services (Private) Limited

Secretaries

JETWING SYMPHONY PLC

Colombo, on this 14 day of June 2018.

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a member of the Company.

A completed form of proxy must be deposited at 216, de Saram Place, Colombo 10, the Secretaries of the Company not less than 48 hours before the time appointed for the holding of the meeting.



Jetwing SYMPHONY

Jetwing Symphony PLC

Jetwing House, 46/26, Nawam Mawatha, Colombo 02, Sri Lanka.

T: +94 11 470 9400 | F: +94 11 234 5729

www.jetwingsymphony.com

Jetwing Hotels Limited

Jetwing House, 46/26, Nawam Mawatha, Colombo 02, Sri Lanka.

T: +94 11 470 9400 | F: +94 11 234 5729

E-mail: reservations@jetwinghotels.com

www.jetwinghotels.com