



Reflections of Sri Lanka

Annual Report 2011/2012
Amaya Leisure PLC

“Amaya”

non-illusive – a brand that highlights the true reflections of Sri Lanka – our hotels offer guests an authentic experience that reflects the culture and natural beauty of our truly diverse island – history in abundance, indigenous culture and ecological beauty, all this and more could be found at Amaya Resorts and Spas. Our theme resorts open up the rich heritage of our ancient kingdoms and offers our clients the expected satisfaction and promotes a unique concept that is “Amaya”



AMAYA
Amaya Leisure PLC



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Welcome

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Carving Art

Sri Lanka is one of the most famous islands in the world, which has maintained its fame down the centuries. By the sixth century the island was in a highly developed state with trade relations with the Graeco-Roman World, China and the Far East. Historical records testify to its being an entrepot for both Eastern and Western trade.

The island has been inhabited from very early times. The remains of monuments and urn burial fields reveal lost cultures of old. The unearthed remains of ancient kingdoms and Buddhist monasteries show the rich culture of the country. The craftsmanship of stone carvings is a reflection of such cultural heritage.

Beautiful creations of moonstones, Guard stones, Balustrades, carvings of stone pillars, and sculptures are highly suggestive of the advanced art skills of the ancient Sri Lankans. Ivory carving and Wood carving art mainly in the Kandyan period have virtually become a treasure trove of Sri Lankan art.

Thus, there are treasures of Sri Lankan carving arts which are yet to be discovered and learned.



Sandakada Pahana - Moonstone

The Sandakada Pahana is one of an association of three aspects of sculpture that adorned the entrance to buildings in ancient times, the other two being the Muragala (Guard stone) and Korawakgala (Balustrade). The moonstone is basically a semi-circular tablet of stone located at the foot of a flight of steps in Buddhist temples and buildings. The moonstones originated as a blank square stone and later developed into a semi-circular shape. This again developed to include a multitude of carved decorations in later stages. The moonstones in the forest monasteries maintained the more austere blank semi-circular shape.

The design of the moonstone has undergone many changes over time, and shows the highest level of creativity towards the end of the Anuradhapura Era. The outer edge of the moonstone is designed with a ring of flames and below that is a ring filled with four types of animals - elephants in one ring, then horses, lions, and bulls. The next is a semi-circle of a creeper with a wavy stem with foliage ("Liyawela"). Next is a line of swans with a twig of flower and a leaf on their beak. Next is again a floral pattern and at the centre is lotus with petals all around the semi-circle on the moonstone. That the first step to a place should be decorated in such creative and beautiful craftsmanship is very telling how our ancients understood the value of such a place.

Our Vision

To be the Number One choice for holidaymakers in Sri Lanka

Our Mission

To provide our guests good value for money so as to surpass their expectations whilst ensuring a good return to shareholders and inspiration to employees

Our Values

Amaya Hotels maintain the following values:

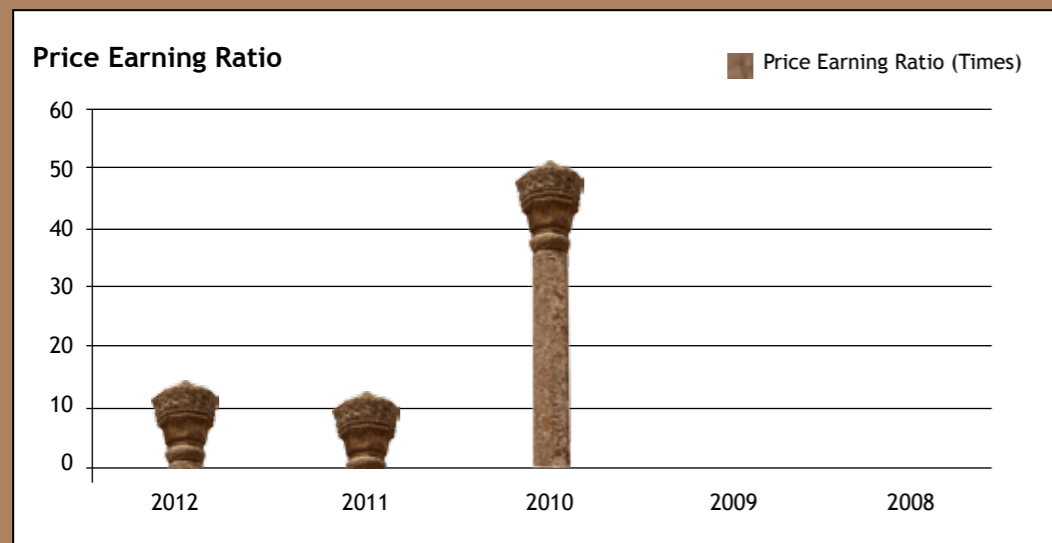
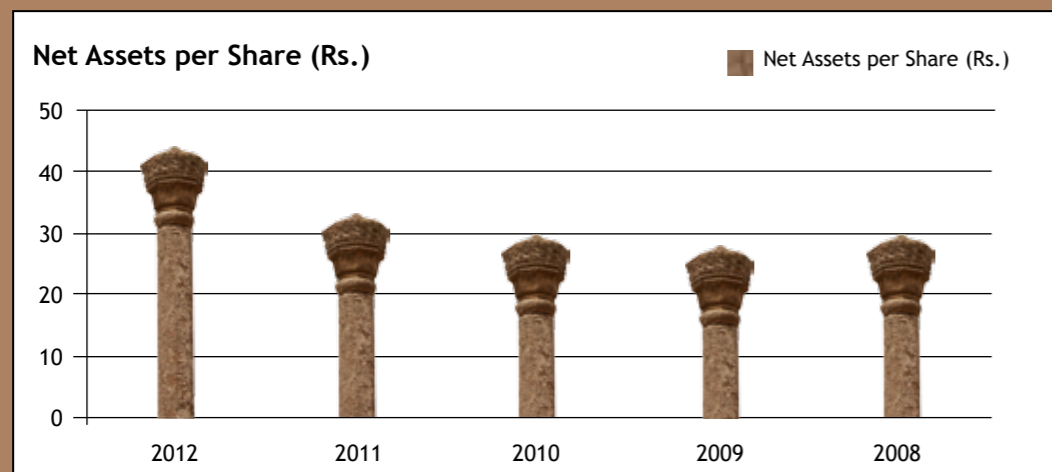
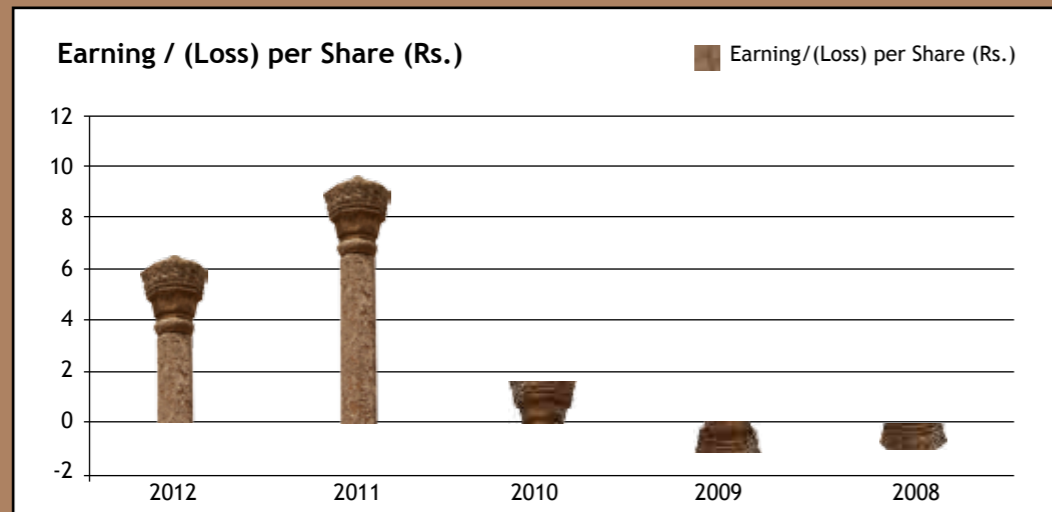
- Outstanding Service - Delivering a superior service, offering an unforgettable quality of service to our guests
- High Performance - Fulfilling all that we promise to all stakeholders of our business including guests, shareholders and employees
- Perpetual Integrity - Being honest and transparent in our transactions with guests, associates and within the communities in which we operate
- Unflagging Passion - Doing things with zeal which sets us over and above all others – this is the “Amaya Way”
- Improvement - Innovating and utilizing best practices with a view to continually improving the quality of our products and services to the satisfaction of all

Sandakada Pahana - Moonstone

In later stages after the Polonnaruwa period, the moonstone started to change in to various shapes such as triangular shapes and full circular shapes. The carvings of the moonstones also became varied changing the standard symbols and patterns. The patterns with symbolic religious meanings were changed after the Polonnaruwa period. Thus the Moonstone in the Dalada Maligawa, Kandy is of a triangular shape and with foliage to make it attractive to the eye.

	2011/2012 Rs.'000	2010/2011 Rs.'000	Change %
For the year			
Turnover-Gross	940,573	757,068	24
Turnover-Net	830,365	667,709	24
Profit before Tax	312,017	472,523	(34)
Profit after Tax & Minority Interest	296,084	469,716	(37)
At the year end			
Shareholders Funds	2,112,683	1,593,747	33
Total Assets	2,500,165	1,896,352	32
Group Employment (No. of Persons)	419	442	(5)
Per Share			
Earning (Rs.)	6.16	9.78	(37)
Dividend (Rs.)	4.00	6.00	(33)
Net Assets (Rs.)	43.98	33.18	33
Market Value (Rs.)	76.70	120.10	(36)
Ratio			
Gross Profit (%)	75.3	70.6	7
Interest Cover (Times)	47.51	64.09	(26)
Current Ratio (Times)	1.22 : 1	2.11 : 1	(42)

FINANCIAL AT A GLANCE





Yapahuwa

Yapahuwa was the 4th kingdom of Sri Lanka. Today it is one of the country's most unique and important sites of historic interest containing abundant traces of ancient battlements and remnants of king Buvanekabahu's (1273-1284 AD) kingdom. There is also a Chinese-looking Yapahuwa Lion's stone sculpture. Its most remarkable masterwork remains an ornamental stairway that conducted to the Royal Palace. Surrounding vistas of breathtaking beauty enriches the climb to the top; rambling jungle, rolling hills and sunbathed rocks combine to create a picture-perfect tableau.

Muragala – Guardstone

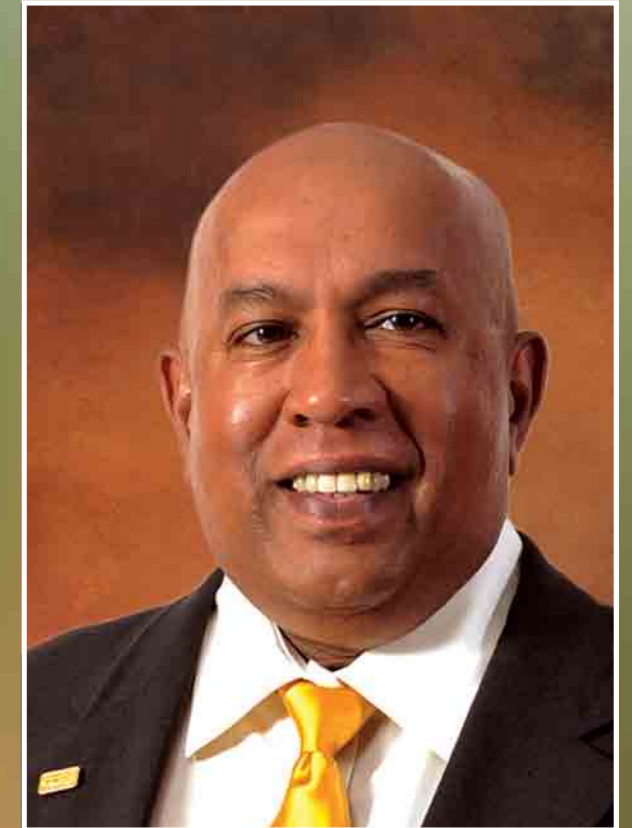
The Muragala (Guardstone) provided a support to the heavy and long stone Korawakgala (Balustrade). The Muragala is sculpted with symbols significant of prosperity and protection. Originally the Muragala was a plain stone supporting the Korawakgala. The Guardstones or "Muragal" were one of an association of three aspects of sculpture that adorned the entrance to buildings in ancient times, the other two being the Sandakada Pahana (Moonstone) and Korawakgala (Balustrade).

The three major developments of sculptures on the Muragala were with Punkalasa which symbolizes prosperity. In the second stage the dwarf figures (Bahirawa) took the place of the Punkalasa. They represent two "Yaksas"

employed to protect wealth. By name "Padma" and "Sankha", they are distinguished by their headdresses, a lotus in the former and a conch in the latter. They are depicted as pot-bellied persons wearing a loin cloth and holding a string of coins. The third is with cobra, which was considered the guardian of water and treasure. Zoomorphic sculptures of multi headed cobras have been found at the sluices of reservoirs.



MESSAGE FROM THE CHAIRMAN



“ At the momentum that we are moving towards the targeted capacity of the hospitality trade, I am confident that Sri Lanka could reach its ultimate goal of bringing in 2.5 million tourists in the year 2016, a tremendous leap from the present 800,000 tourist arrivals. Simultaneously, it is a must that domestic tourism should continue to be developed at regional level to ensure the sustainability of the industry throughout the island.”

MESSAGE FROM THE CHAIRMAN

Tourism in Sri Lanka has begun to yield the great promise envisaged subsequent to the annihilation of terrorism which overshadowed us for over three decades. The improved performance of the industry is reflected in the marked increase in tourist arrivals, over 30 percent more than the previous year.

Hotel operators have been able to achieve high levels of turnover and profitability and as a result the industry has become attractive to investors. This rapid growth in tourism has paved the way for both local and international hoteliers to enter the Sri Lankan tourism industry.

The authorities have identified key areas such as Nilaveli, Kuchchaveli, Pasikudah, and Arugam Bay on the East coast and Kalpitiya on the West coast which are fast developing into major tourist centres in the country's planned program to emerge as a tourism hub.

It is also heartening to note that the country is gearing up to meet the challenges of the accelerated tourism industry with immense investments in infrastructure development including the construction of highways and expressways which should complement the growing demands of this sector. The development of Colombo as a garden city is most welcome and this is expected to be replicated in other major cities. Simultaneously, every effort should be made to ensure the systematic and most importantly the sustainable development of the industry to cater to the ever increasing demand, rather than enter into unplanned expansion by the mere construction of hotel rooms.

At the momentum that we are moving towards the targeted capacity of the hospitality trade, I am confident that Sri Lanka could reach its ultimate goal of bringing in 2.5 million tourists in the year 2016, a tremendous leap from the present 800,000 tourist arrivals. Simultaneously, it is a must that domestic tourism should continue to be developed at regional level to ensure the sustainability of the industry throughout the island.

Muragala with Bahirawa

The dwarf figures in the guardstone are known as Bahirawa. They represent two "Yaksas" employed to protect the wealth of God Kuvera, which is supposed to be stored in the ocean.

There is also an immediate requirement to focus on other aspects of tourism such as eco-tourism, culture-tourism and nature-tourism and move away from dependency on sun, sea and sand - our beaches, where as much as 90 percent of tourist activity is still concentrated. It is only by doing this that we can promote Sri Lanka as a tourist hub for the region based on our rich biodiversity and outstanding cultural monuments.

Prospects

Amaya Leisure stands to gain much from these positive developments. Furthermore, its acquisition by the Hayleys Group, a prominent business conglomerate, in August 2011 is bound to enhance its standing in the leisure industry. The business prowess of Hayleys combined with the brand image that Amaya has built up over the years should stand it in good stead, driving it forward to achieve its highest potential. We were able to make significant gains in terms of both revenue and operational profits in the year under review due to our well planned strategic investments.

Financial Review

During the period under review a revenue of Rs. 830 million was recorded compared to Rs. 667 million in the previous year. However the net profit of Rs. 312 million was below last year's Rs. 471 million as there was capital gain included in the latter arising from disposal of Amaya Reef in Hikkaduwa. A dividend of Rs 4/- per share has already been paid in February 2012.

Conclusion

In conclusion I wish to extend my sincere appreciation to the members of the board for their guidance and support, the management team and employees for their commitment and hard work.

I also wish to thank all shareholders and customers for their trust, support and patronizing Amaya Hotels and Spas.



A. M. Pandithage

Chairman

16 May 2012

At the foot of each Balustrade are the Yapahuwa Lions taking the place of the Muragala.



Korawakgala - Balustrade

The Korawakgala (Balustrade also known as Makaragala) lies on the sides of the steps leading to the entrance of the building. It is a support to the stairs from either side and shapes the flight.

This stone represents an imaginary animal, the Makara or Dragon. This imaginary Dragon is made up of the body parts of six animals (trunk of the Elephant, jaws of the Crocodile, ears of the Monkey, tusks of the Wild Boar, body of the Fish and feet of a Lion) each of these body parts being the most salient feature of the animal concerned. In addition to these, this imaginary animal is seen breathing a long flame of fire from its mouth.



MANAGING DIRECTOR'S REVIEW



“ We at Amaya are focused on making ours one of the most eco- and people-friendly hotel companies in the country. We hope that this will go a long way towards promoting our brand overseas. Ongoing staff training programs is one of our priorities and it is our intention to strengthen these programs to ensure that our standards are maintained and improved with time.”

MANAGING DIRECTOR'S REVIEW

It is with pleasure that I present my review for the year 2011/12, a year of immense success for the hospitality industry as well as for Amaya Leisure.

We were able to make significant gains in terms of both revenue and operational profits in the year under review due to our well planned strategic investments. Operationally, Amaya Leisure was among the best performers in the industry. Revenue increased to Rs. 830 million compared to Rs. 667 million in the previous year, although there was a decline in net profit from Rs. 471 million to Rs. 312 million, the profit for the previous year having been high due to the capital gain from the disposal of Amaya Reef in Hikkaduwa. However, in comparison, we have achieved an excellent return on revenue. Our impressive performance was evident in the dividend of Rs. 4/- per share to our shareholders, which compares well with others in the sector.

We had the opportunity of managing niche market properties such as the Langdale in Nuwara Eliya. Coral Rock in Hikkaduwa too added to our portfolio and of course the management of Hayleys owned Hunas Falls in Hunnasgiriya has made us proud of our recognition as a well organized unit that is capable of owning, managing and operating some of the best properties in Sri Lanka.

Amaya's expansion drive is well underway. The additional rooms at Amaya Lake are now nearing completion, enhancing the value of the hotel and its capacity that will take care of the growing needs of tourists who are increasingly finding their way to this choice destination. The refurbishment of the hotels public areas will further enhance the value of this serene property.

Amaya Hills in Kandy has also been upgraded with new banquet facilities, restaurants, new sports facilities and public areas adding further value to the resort. A state-of-the-art spa will be operational shortly, contributing further to attract discerning visitors.

The purchase of several extents of land surrounding the hotel will create an atmosphere that cannot be found anywhere in the region.

The acquisition of the Lake Lodge Resort in Dambulla in close proximity to the picturesque Kandalama Lake is an important step in our expansion program and we intend to develop it to a very high standard shortly, adding further value to your company.

We at Amaya are focused on making ours one of the most eco- and people-friendly hotel companies in the country. We hope that this will go a long way towards promoting our brand overseas. Ongoing staff training programs is one of our priorities and it is our intention to strengthen these programs to ensure that our standards are maintained and improved with time.

Our marketing team too has been strengthened and has become quite aggressive in promoting the Amaya brand. The upgrading of our website and the promotional campaign taken up by our team of dynamic marketers will ensure the desired results.

Our regular participation at various international tourism fairs in Germany, France, Italy and the United Kingdom as well as in the Middle East and India has paid good dividends. We are also concentrating on efforts to secure emerging markets like China.

All this should further emphasise Amaya's presence internationally and bring out Amaya's " True reflections of Sri Lanka!"



L. T. Samarawickrema

Managing Director

16 May 2012

FINANCIAL CALENDER

830Mn

GROUP TURNOVER FOR YEAR 2011/2012

24%

REVENUE GROWTH RATE FOR YEAR 2011/2012

312Mn

PROFIT BEFORE TAX 2011/2012

Audited Financial Statements Signed on
30th Annual General Meeting

16th May 2012
26th June 2012

Interim Financial Statements

1st Quarter Interim Results released on
2nd Quarter Interim Results released on
3rd Quarter Interim Results released on

01st August 2011
02nd November 2011
03rd February 2012

Group Operational Highlights

Year ended 31st March

	2012	2011
Occupancy - Lake	79%	76%
Occupancy - Hills	92%	90%
Overall Occupancy	86%	83%
Guest Nights	117,128	115,231



Wood Carving Arts

Wood carving and wooden architecture are linked in the traditional architecture of Sri Lanka. Kandyan wooden architecture is very rich in detail. Carved timber is used to make several structural components such as large beams and pillars, elaborately designed doors and windows.

Medieval masterpieces in wooden architecture that have survived almost intact are the roofs and pillars of "Embekke Devalaya" and the Audience Hall at the "Dalada Maligawa", Kandy. Detailed wood carvings of foliage, human figures and events and animals are located in and around Kandy in temples and devales.

PROFILE OF THE BOARD



Mr. A. M. Pandithage - Chairman

Joined Hayleys Group in 1969. Appointed as Chairman of Amaya Leisure PLC in December 2011. Chairman and Chief Executive of Hayleys PLC since July 2009. Honorary Consul of United Mexican States (Mexico) to Sri Lanka. Fellow of the Chartered Institute of Logistics & Transport. Member of the Presidential Committee on Maritime Matters. Committee Member of the Ceylon Chamber of Commerce. Council Member of the Employers' Federation of Ceylon. Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka. Director, Sri Lanka Port Management & Consultancy Services Limited. Former Chairman of the Ceylon Association of Ships' Agents. Former Director of both the Sri Lanka Ports Authority and Jaya Container Terminals Limited.

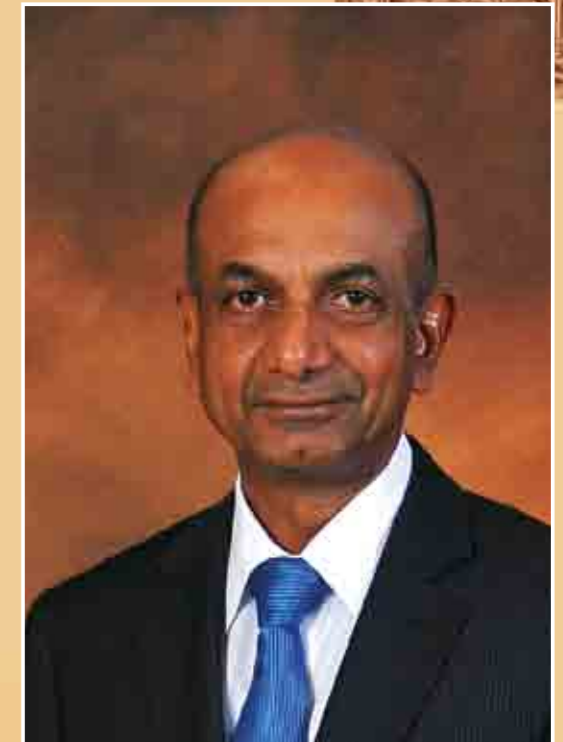


Mr. Chandra J. Wickramasinghe - Deputy Chairman *

Mr. Chandra J. Wickramasinghe counts over 33 years experience in the leisure industry. He is the Founder Chairman of Connaissance de Ceylan (Pvt) Ltd and Maalu Maalu Resorts & Spas, and is a Director of The Fortress Resorts PLC and of Hunas Falls Hotels PLC. He is a Past President of the Travel Agents Association of Sri Lanka (TAASL) and a Past President of the Sri Lanka Association of Inbound Tour Operators (SLAITO). He is a former Board Member of Sri Lanka Tourism Promotion Bureau (SLTPB) and current Board Member of Sri Lanka Tourism Development Authority (SLTDA). He is also the Founder President of Alliance Francaise de Kotte.

Mr. Wickramasinghe was awarded Silver in the National Entrepreneurs category in 1999, organized by the Federation of the Chamber of Commerce & Industry (FCCISL).

Mr. Wickramasinghe is proficient in English, Sinhalese and French.



Mr. L.T. Samarawickrama - Managing Director

An Internationally qualified Hotelier having gained most of his Management experience in UK, working for large international hotel chains over a long period of time. First Sri Lankan Manager to be appointed by the Beaufort International Chain of Hotels to run the first seaside boutique resort. Member of the Institute of Hospitality, UK (formerly HCIMA) and of the Royal Society of Health, London. He counts over 39 years of experience in the trade. Having specialized in Hotel designs and development, he has been responsible for the careful planning and execution of Amaya Resorts & Spa's refurbishment and rehabilitation programs. He is also Director of The Fortress Resorts PLC, Hunnas Falls, Continental Hotel, Royal Ceramics Lanka PLC and Kelani Vally Plantation PLC and an Executive Director of Hayleys PLC.

PROFILE OF THE BOARD



Mr. Denesh Silva - Director - Marketing & Sales

Fellow Graduate Member from the Ceylon Hotel School and School of Tourism (FCHSGA), in Hotel and Catering Operations with a specification in Front Office Operations and was awarded the Management Diploma in Hotel and Catering Operations with a Second Class Upper Division and a Member of the Institute of Hospitality (UK). He is also a Director of The Fortress Resorts PLC, Maalu Maalu Resorts and Spa, Hunas Falls Hotels PLC and Delair Travels (Pvt) Ltd. An All Island Justice of the Peace and counts over 18 years of experience in the Hospitality Industry, specialising in Marketing and Sales.



Mr. Dhammika Perera - Director *

Mr. Dhammika Perera is the quintessential strategist and business specialist with 24 years of business experience.

His business interests include Hydropower generation, Manufacturing, Hospitality, Entertainment, Banking and Finance. Currently he holds the position of Secretary to the Ministry of Transport, Sri Lanka. He is the Chairman of Sampath Bank PLC, Vallibel One PLC, Vallibel Finance PLC, Vallibel Power Erathna PLC, The Fortress Resorts PLC, Lewis Brown & Company (Pvt) Ltd and Greener Water Ltd. He is the Deputy Chairman of Hayleys PLC, Royal Ceramics Lanka PLC & LB Finance PLC. He also serves on the Boards of Haycarb PLC, Hayleys MGT Knitting Mills PLC, Hotel Services (Ceylon) PLC, Dipped Products PLC, Orit Apparels Lanka (Pvt) Ltd, Nirmalapura Wind Power (Pvt) Ltd, Alutec Anodising & Machine Tools (Pvt) Ltd and Sri Lanka Insurance Corporation Ltd.

He is also a member of the Board of Directors of Strategic Enterprise Management Agency (SEMA).



Mr. W. D. N. H. Perera - Director **

Executive Deputy Chairman of Vallibel One PLC and Chairman of Pan Asia Banking Corporation PLC, Don Wilbert Capital Ltd, N Sports (Pvt) Ltd and N Capital (Pvt) Ltd, Managing Director of Royal Ceramics Lanka PLC and also serves on the Board of Hayleys PLC, Haycarb PLC, LB Finance PLC, Vallibel Finance PLC, Hotel Services (Ceylon) PLC, Thalawakale Tea Estates PLC and Vallibel Power Erathna PLC. Mr. Perera is a Member of the Sri Lanka Institute of Marketing, counts over 30 years of experience in the fields of Finance, Capital Market Operations, Manufacturing and Management Services.

PROFILE OF THE BOARD



Mr. S. Senaratne - Director *

Mr. Senaratne's involvement in the Tourism Industry dates back to 1975. He counts over 36 years of experience in the Tourism Sector. He is a Diploma Holder in Foreign Languages. He has a wealth of experience behind him having held Managerial positions in reputed Travel Companies. He has held the position of Managing Director of Connaissance Holdings Group of Companies from 1987 till 2008. He is also a Director of The Fortress Resorts PLC and Vallible Finance PLC. He is presently Chairman / Managing Director at Yathra Travels (Pvt) Ltd.



Mr. Harsha Amarasekera - Director **

Mr. Harsha Amarasekera is an Attorney-at-law by profession and has a wide practice in the Original Courts as well as in the Appellate Courts. He has specialized in Commercial Law, Business Law, Securities Law, Banking Law, and Intellectual Property Law. He serves as an Independent Director in several listed companies in the Colombo Stock Exchange including Vallibel One PLC, CIC Holdings PLC, Keells Food Products PLC, Vallibel Power Erathna PLC & Expo Lanka Holdings PLC. He is also a Director of CIC Agri Business (Pvt) Ltd and an Alternate Director of Amana Bank.



Ms. D. S. N. Weerasooriya - Director **

Ms. Shyamalie is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and holds a Bachelor's Degree in Science from the University of Colombo. She possesses 16 years post qualified experience & has 10 years working experience in the finance sector. She is the Chief Financial Officer of The Fortress Resorts PLC and LB Finance PLC.



Ms. R. N. Ponnambalam - Director **

Mrs. Ponnambalam has held several senior management positions in large private sector entities. She has served as a Director of McLaren Holdings Ltd & GAC Shipping Ltd. She currently serves as a Director of Hotel Services (Ceylon) PLC, Alliance Finance Co. PLC and McBolon Polymer (Pvt) Ltd. She is presently the Managing Director/CEO of Macbertan (Pvt) Ltd. She has also been in roles of International & Local Business Development and negotiation.





On the shores of enchanting Kandalama Lake, discover a lifestyle defined by tradition and natural splendour. Nestled amid 40 acres of lush forest, Amaya Lake preserves the aura of local historical treasures, creating a feeling of old-world Sri Lankan charm matched with modern luxury. Located in the heart of Sri Lanka's Cultural Triangle, the resort is the ideal base for exploring nearby wonders such as the ancient city of Anuradhapura and the Dambulla cave temples.

After days filled with exploration, return to rooms that awe and inspire. Unique village-style accommodation allows guests the traditional experience of Sri Lankan village-life, while private lodges, chalets and suites create locally inspired spaces with touches of luxury. At our two scenic dining venues, savour traditional Sri Lankan flavours made fresh with homegrown ingredients. Indulge in treatments at the Ayurvedic Spa, immersing yourself in a full range of natural remedies as old as the hills.


AMAYA LAKE
Dambulla • Sri Lanka
Heart of the Cultural Triangle





Nestled among the splendour of the rolling Hantana Hills discover a new rhythm to life. Amid verdant hillsides high above the famed city of Kandy, Amaya Hills welcomes you to graceful private havens with designs recalling the region's ancient and natural wonders. All rooms and suites boast private balconies overlooking the sweeping valley or lush mountainside, with interiors defined by unforgettable details and natural, modern grandeur.

Discover the local lure of Sinhalese heritage throughout the kingdom of Kandy, exploring traditional markets, ancient temples, and the region's renowned natural beauty. After venturing out, return to the resort to luxuriate in the soothing touch of Ayurvedic spa treatments, or sample culinary flavours, masterfully concocted. Spend indulgent evenings in the majestic pool underneath a canopy of stars, or sipping cocktails at our private club deep in the hillside. Experience Amaya Hills - the sweep of natural splendour and the timeless tradition of the Kandyan culture.





Escape to the cool mornings and crisp air of Randalla, a quaint hill station tucked in the mountain ranges of Sri Lanka's central highlands. An exclusive, luxury boutique resort, Langdale by Amaya is embraced by winding brooks and 200-year-old tea gardens all ripe with the grace of pastoral charm. The scent of antique mahogany and the feel of hand-woven linens personalise decadent private living spaces serenely secluded high in the hills. With luxury facilities promising privacy and comfort, Langdale by Amaya offers rooms alive with character and modern tranquility.

A nearby strawberry farm along with other cultural and adventure excursions allow for exploration of historic trails, and timeless natural wonders. Pamper your mind, body and spirit amid the beauty and quietude of Langdale by Amaya, a unique blend of ancient wonders and modern discovery.

Langdale
by
A M A Y A
A Colonial Heritage





The dramatic backdrop of the cascading Hunas Falls dominates this idyllic mountain retreat, close to Sri Lanka's hill capital Kandy. Nestled amidst the lush green forest of Elkaduwa in the Hunnasgiriya Hills, Amaya Hunas Falls offers the perfect base from which to explore the region's spectacular scenery, characterised by steep tea plantations and expanses of spice cultivations.

Let the early morning mist envelope you as you enjoy a delectable breakfast on the terrace, before taking a refreshing hillside walk amongst wild flowers and shady groves, or learn more about the local culture with a visit to a traditional Sri Lankan village. In the evening, return to your spacious room, where stylish furnishing and modern amenities will ensure a comfortable night's rest before you embark on the next day's adventure.



MYSTERY OF NATURE UNFOLDS



Experience the golden sands, colourful batiks and cresting waves of Hikkaduwa, a beautiful seaside town on the Southern coastline of Sri Lanka. Situated directly on the beach, Coral Rock by Amaya is an idyllic haven for beach lovers and those who wish to explore the unique local culture of the surrounding area with its unspoiled coastline, rich marine life and the nearby Yala Game Sanctuary. As the sun sets, the hitherto placid Narigama beach transforms itself, revealing the vibrant nightlife that Hikkaduwa is famous for.

After a day of exploration, return to the welcoming comforts of a boutique, luxury resort, where antique detailing and modern amenities seamlessly merge to create inspired interiors. Soak up the spectacular views as you dine on freshly-caught seafood at our signature restaurant, or retreat to the cozy bar and lounge area for a quiet drink and warm conversation.




CORAL ROCK
by
AMAYA
HIKKADUWA
SUNSHINE, SAND & SEA



Piyaḡetapela – Stairway

Piyaḡetapela or the Stairway is to climb to a height. In the past the stairway to temples and palaces were with the other three combinations of Sandakada Pahana, Muraḡala, and Korawaḡala. You have all the protection to climb, Muraḡala to protect and greet for prosperity, Korawaḡala to protect and support by way of a railing and the Sandakada Pahana to remind you of this life.

Stairways of most ancient places are made up of stone slabs; some are decorated with carvings. Also there are very narrow steps. Historians say this was a form of defence. Because of the narrowness, the steps can neither be ascended nor descended hastily.

CORPORATE MANAGEMENT

A.M. Pandithage

Chairman

L.T. Samarawickrema

Managing Director

Denesh Silva

Director – Marketing & Sales

Aruna Dikkumbura

Finance Manager

“Our intricate carvings capturing nature in all its beauty are much appreciated by visitors to our island and is one of the main cultural attractions, particularly to Western tourists. Just as these solid monuments of old provided protection to visitors visiting these sites, Amaya Leisure is carving a niche in the country’s burgeoning hospitality trade by providing care and the best of services to the modern-day visitor to our paradise isle. Meeting shareholder aspirations also forms part of this endeavour.”

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

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

The Directors of Amaya Leisure PLC have pleasure in presenting to the members their report together with the audited accounts of the Company for the year ended 31st March 2012.

PRINCIPAL ACTIVITIES

The Principal activities of the Company and its subsidiaries included in the consolidation consist of the following:

Operators of star class hotels, providing services for management research and development of the hotel chain of the Group.

Servicing the MICE (Meetings, Incentives, Conferences and Exhibition) market.

Promoting and providing facilities relating to Eco-tourism.

BUSINESS REVIEW

The Chairman's Report and the Managing Director's Review of Operations give a fair analysis of the operations of the Company during the financial year ended 31st March 2012 and its future prospects.

PERFORMANCE AND APPROPRIATIONS

The Company's performance including that of its subsidiaries for the year ended 31st March 2012 is summarized as follows:

	Year Ended	
	31st March 2012	31st March 2011
	Rs. '000	Rs. '000
Turnover	830,365	667,709
Profit before Tax	312,017	472,523
Taxation	(15,952)	(5,095)
Profit after Tax	296,065	467,428
Minority Interest	19	2,288
Net Profit for the Year		
attributable to the Group	296,084	469,716
Dividend Paid	192,137	288,205

STATED CAPITAL

In accordance with the Section 58 of the Companies Act No. 7 of 2007, Share Capital and share premium were classified as stated capital. The Stated capital of the Company as at 31st March 2012 was 526,770,320. Comprising 48,034,238 Ordinary Shares.

RESERVES

Details of reserves of the company are shown in Note 15 to the financial statements.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of Property, Plant and Equipment during the year amounted to Rs. 288 Million (2011 - Rs. 116 Mn) details of which are given in Note 5.1 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Information relating to the movement in Property, Plant and Equipment is given in Note 5 to the financial statements.

DIRECTORATE

The Directors of the Company as at 31st March 2012 were

Mr. A. M. Pandithage - Chairman
 Mr. C. J. Wickramasinghe * - Deputy Chairman
 Mr. L. T. Samarawickrama - Managing Director
 Mr. D. E. Silva - Director - Marketing & Sales
 Mr. S. Senaratne *
 Mr. K. D. D. Perera *
 Mr. W. D. N. H. Perera **
 Mr. S. H. Amarasekera **
 Ms. D. S. N. Weerasooriya**
 Ms. R. N. Ponnambalam**

* Non-Executive Directors

** Independent Non-Executive Directors

Mr. K. D. H. Perera resigned from the Board on 30.11.2011.

Mr. A. M. Pandithage appointed to the Board and as Chairman on 01.12.2011, and Shareholder will be requested to re-elect him in terms of the Articles of Association of the Company.

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

Mr. C. J. Wickramasinghe stepped down from Chairmanship on 01.12.2011 and appointed as Deputy Chairman on the same day.

Mr. K. D. D. Perera stepped down from Deputy Chairmanship on 01.12.2011. Ms. D. S. N. Weerasooriya and Ms. R. N. Ponnambalam were appointed as Directors on 01.12.2011 and in terms of Articles of Association of the Company, shareholders will be requested to re-elect them at the Annual General Meeting.

Mr. K. D. D. Perera and Mr. S. Senarathne retire by rotation and being eligible offer themselves for re-election in terms of Articles of Association of the Company.

DIRECTORS' SHAREHOLDING

Directors' interests in shares: Directors of the Company and its Subsidiaries who have relevant interests in the shares of the respective Companies have disclosed their shareholdings and any acquisitions/disposals to their Boards, in compliance with Section 200 of the Companies Act.

Details of Directors' shareholdings in the Company as follows:

* Mr. K. D. D. Perera sold 24,497,461 ordinary shares held by him.

	As at 31st March 2012	As at 31st March 2011
Mr. A. M. Pandithage	-	-
Mr. C. J. Wickramasinghe	2,282,817	2,282,817
Mr. L. T. Samarawickrama**	4,463,217	4,463,217
Mr. S. Senaratne	1,142,894	1,142,894
Mr. K. D. D. Perera *	447,661	24,945,122
Mr. W. D. N. H. Perera	96	96
Mr. D. E. Silva	1,200	1,200
Mr. S. H. Amarasekera (Jt)	84,890	-
Ms. D. S. N. Weerasooriya	-	-
Ms. R. N. Ponnambalam	-	-

* Mr. K. D. D. Perera holds 48% of the equity stake of Hayleys PLC.

** Mr. L. T. Samarawickrama has the controlling intent in Elles (Pvt) Ltd. which has 439,272 Shares in the Company.

SHAREHOLDERS DISTRIBUTION

The distribution of shareholders is indicated on pages 127 in the Annual Report. There were 1659 registered shareholders as at 31st March 2012.

FIRST INTERIM DIVIDEND FOR THE YEAR ENDING 31.03.2012

The Directors authorized payment of an interim dividend of Rs. 4.00 per share for the year ending 31st March 2012, paid to the shareholders on 28th March 2012.

SHAREHOLDERS INFORMATION

Information relating to major shareholders of the Company as at 31st March 2012 are given on page 128.

CHANGES IN FIXED ASSETS

The movement in fixed assets during the year is set out in Note 5 to the Accounts.

MARKET VALUE OF THE COMPANY'S ORDINARY SHARES

The Market Value of the Company's Ordinary Share as at 31st March 2012 was Rs. 76.70 compared to Rs. 120.10 as at 31st March 2011 as per official valuation of the Colombo Stock Exchange.

INVESTMENTS

Details of investments held by the Company and by the Group are given in Note 8 and 9 to the Financial Statements.

POST BALANCE SHEET EVENTS

No material events have taken place since 31st March 2012 that require disclosure or/and adjustments in these Financial Statements.

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

DIRECTORS' INTEREST IN CONTRACTS AND PROPOSED CONTRACTS

Directors' interests in transactions: The Directors of the Company and its Subsidiaries have made the general disclosures provided for in Section 192 (2) of the Companies Act No. 7 of 2007. Note 30 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

Details of transactions carried out with Director related entities during the year ended 31st March 2012 are as following:

Name of the Related party	Name of the Director	Relationship	Details	Balance outstanding as at 31/03/2012
Royal Ceramics Lanka PLC	K. D. D Perera	Director	A sum of Rs. 2,606,781/- paid as management fees by Amaya Leisure PLC	-
	W. D. N. H Perera	Director		
	L. T. Samarawickrama	Director		
LB Finance PLC	K. D. D. Perera	Director	A sum of Rs. 1,977,672/- was paid as lease rental by Amaya Leisure PLC	-
	W. D. N. H. Perera	Director		
Pan Asia Banking Corporation PLC	W. D. N. H. Perera	Director	A Sum of Rs. 310,498/- was paid as lease rental by Amaya Leisure PLC	(18,319,442)
Culture Club Resorts (Pvt) Ltd	A. M. Pandithage	Director	A sum of Rs. 1,200,000/- was charged as management fees.	(310,853,972)
	K. D. D. Perera	Director		
	W. D. N. H. Perera	Director	A sum of Rs. 22,494,975/- was charged as sales commission	
	L. T. Samarawickrama	Director		
	C. J. Wickramasinghe	Director		
	S. Senarathne	Director		
D. E. Silva	Director			
Kandyan Resorts (Pvt) Ltd	A. M. Pandithage	Director	A sum of Rs. 1,200,000/- was charged as management fees.	(31,038,771)
	K. D. D Perera	Director		
	W. D. N. H Perera	Director	A sum of Rs. 28,959,028/- was charged as sales commission	
	L. T. Samarawickrama	Director		
	C. J. Wickramasinghe	Director		
	S. Senarathne	Director		
D. E. Silva	Director			
Hayleys PLC	A. M. Pandithage	Director	A sum of Rs. 10,014,007/- was charged as services fees and other reimbursement expenses.	(4,543,106)
	K. D. D. Perera	Director		
	W. D. N .H. Perera	Director		
	L. T. Samarawickrama	Director		
Hunas Falls Hotels PLC	A. M. Pandithage	Director	A sum of Rs. 1,431,202/- was charged as management fees.	163,987
	K. D. D. Perera	Director		
	C. J. Wickramasinghe	Director	A sum of Rs. 2,174,196/- was charged as sales commission	
	L. T. Samarawickrama	Director		
	D. E. Silva	Director		

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

AUDITORS

The Auditors, Messers. Ernst & Young, Chartered Accountants, were charged Rs. 1,016,060/- and as audit fees by the Company, in addition, they were charged Rs. 680,272/- by the Company for non-audit related work.

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

Messers. Ernst & Young, Chartered Accountants, are deemed re-appointed, in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company.

A Resolution proposing the Directors be authorised to determine their remuneration will be submitted at the Annual General Meeting.

ACCOUNTING POLICIES

The Accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 86 to 123 in the Annual Report. The Accounting Policies adopted are consistent with those of the previous Financial Year.

DONATIONS

No donations were made for the year ended 31 March 2012.

GOING CONCERN

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

By order of the Board of
Amaya Leisure PLC

(sgd)

Hayleys Group Services (Pvt) Ltd.
Secretaries

Colombo
16 May 2012



Detailed & Sharp Ivory Carvings in Kandyan Period



CORPORATE GOVERNANCE



We are pleased to present this report which sets out the corporate governance philosophy that is practiced by the Company. We confirm compliance with the following and where necessary, any deviations permitted by the relevant rules and regulations have been explained.

- Companies Act No. 7 of 2007
- The Listing Rules of the Colombo Stock Exchange (CSE) (revised April 2011)
- The recommendations of the Code of Best Practice on Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka (Joint Code) to the extent that they are practicable.

Amaya Leisure PLC, through a process of continuous review, is committed to maintaining the highest standards of business integrity, ethical values and professionalism in all of its activities and relationships, nurturing the trust placed in it by all its stakeholders by greater value creation, year-on-year.

This philosophy has been ingrained at all levels in the Hotels Group through a strong set of corporate values and a code of conduct which staff at all levels and the Board of Directors are required to follow in the performance of their official duties and in circumstances that are publicly profiled. These values are reinforced through the Group's recognition schemes which insist, as a minimum, that all nominees have modeled the values.

Code of Conduct

- Allegiance to the Company and the Group
- Compliance with rules and regulations applicable in the territories in which the Group operates
- Conduct of business in an ethical manner at all times and in keeping with acceptable business practices
- Exercise of professionalism and integrity in all business and 'public' personal transactions

The Group believes that the core values that underlie its corporate activities are the main source of its competitive advantage which is rewarded by the trust placed in it by stakeholders.

The Chairman of the Board affirms that there has not been any material violation of any of the provisions of the code of conduct. In instances where violations did take place, they were investigated and handled through well established procedures.

CORPORATE GOVERNANCE FRAMEWORK

The Board of Amaya Leisure PLC is responsible to shareholders of the Company to fulfil its stewardship obligations, in the best interests of the Company and its stakeholders. This is achieved by:

- Maximising shareholder wealth-creation on a sustainable basis while safeguarding the rights of multiple stakeholders
- Ensuring that the methods employed to achieve goals are as important as the goals themselves
- Ensuring that one person does not have unfettered powers of decision making
- Building and improving stakeholder relationships which is considered an integral aspect of Board effectiveness and a responsible approach to business
- Taking an active role in discussing with the relevant regulatory bodies in Sri Lanka the Implementation of Governance Regulations, Accounting Standards and Economic Reforms
- Opting for the early adoption of Accounting Standards and best practices in Governance Regulations, when practical
- Resolving to maintain Strong Governance practices which result in strengthened stakeholder confidence, particularly that of both institutional and individual investors
- Making business decisions and resource allocations in an efficient and timely manner, within a framework that ensures transparent and ethical dealings which are compliant with the laws of the country

THE BOARD OF DIRECTORS

Board Composition

The Board of Amaya Leisure PLC, consisted of ten Directors as at 31 March 2012 and comprises of:

- Three Executive Directors
- Three Non-Executive, Non-independent Directors, (NED/NID)
- Four Non-Executive, independent Directors (NED/ID)

Independence of the Directors have been determined in accordance with the Listing Rules of the Colombo Stock Exchange (CSE) and all four independent, Non-Executive Board members have submitted signed confirmations of their independence. The biographical details of the Directors are set out on pages 28 to 33 of this report.

Non-Executive/Independent Directors and Board Balance

The Board is of the view that its present composition ensures a healthy balance between executive expediency and independent judgement and conforms to the requirements of the Listing Rules of the CSE. This is based on the following:

- Collectively, the Non-Executive Directors possess proven business experience and expertise in their respective fields.
- The Independent Directors possess strong financial acumen and by virtue of their membership on External Boards, are able to assess the integrity of the Group's financial reporting systems and internal controls, continually review, critique and suggest changes in keeping with best practice.

Name of Director/Capacity	Share Holding	Management/ Director	Material Business Relationship	Employee of Company	Family Member a Director or CEO	Nine Years of Continuous Service
	1	2	3	4	5	6
Executive Director						
Mr. A. M. Pandithage	No	No	No	No	No	No
Mr. L. T. Samarawickrama	Yes	No	Yes	No	No	Yes
Mr. D. E. Silva	No	No	Yes	Yes	No	No
Non-Executive/Non-Independent						
Mr. C. J. Wickramasinghe	No	No	No	No	No	Yes
Mr. S. Senaratne	No	No	No	No	No	Yes
Mr. K. D. D. Perera	No	No	No	No	No	Yes
Non-Executive/Independent						
Mr. W. D. N. H. Perera	No	No	No	No	No	Yes
Mr. S. H. Amarasekera	No	No	No	No	No	No
Ms. D. S. N. Weerasooriya	No	No	No	No	No	No
Ms. R. N. Ponnambalam	No	No	No	No	No	No

1. Shareholding carrying not less than 10% of the voting rights of the Company.
2. Director of a listed Company in which they are employed or have a "business connection" where the transaction value is equivalent to or more than 10% of the turnover of the Company
3. Income/Non-cash benefits derived from Company equivalent to 20% of Director's annual income
4. Employed by Company two years immediately preceding appointment
5. Close family member a Director or CEO
6. Continuously served on Board for over nine years

- The present composition of the Board represents an appropriate mix of skills and experience.
- The Board is also conscious of the need to progressively refresh its composition over time and notes the qualitative contribution of the independent Directors to the Governance of the Hotels Group.

Conflicts of Interest and Independence

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

Each Director also files a General Disclosure in terms of the Companies Act which is updated and renewed annually.

Details of Companies in which Board members hold Board or Board Committee membership is available with the Company for inspection by shareholders on request.

Roles of Chairman and CEO (Managing Director)

The Chairman is an Executive Director. The main responsibility of the Chairman is to lead and manage the Board and its Committees so that they can function effectively. He represents the Group externally and is the focal point of contact for shareholders on all aspects of Corporate Governance.

While leading the Board in effectively discharging its duties towards all stakeholders, the Chairman, with the assistance of the Board Secretaries, Hayleys Group Services (Pvt) Ltd ensures that:

- Board procedures are followed
- Directors receive timely, accurate and clear information
- Updates on matters arising between meetings
- The agenda for the Board Meeting, reports and papers for discussion are generally dispatched at least one week in advance so that the Directors are in a position to study the material and arrive at sound decisions
- A proper record of all proceedings of Board Meetings is maintained

The Chairman also sets the tone for the Governance and ethical framework of the Group, facilitates and solicits the views of all Directors and by keeping in touch with local and global industry developments, ensures that the Board is alert to its obligations to the Company's shareholders and other stakeholders.

Board Responsibilities

The Board of Directors are accountable

- to shareholders for the governance of the Company
- for the proper stewardship of the Company's resources and the effectiveness of the Company's systems of internal control and the management of risk
- for sharing responsibility in ensuring the highest standards of disclosure, reporting, ethics and integrity across the Group.
- for compliance with laws and regulations of the countries in which the Group's subsidiaries operate
- for the formulation and approval of the Group's medium and long-term strategy, annual investment budgets, significant financial and operational policies

Delegation of authority

The Board has delegated some of its functions to the Audit Committee while retaining the final right to accept the recommendations made by this committee. The Audit Committee is chaired by an independent Director appointed by the Board.

The operations of the hotels owned by the following companies has been entrusted to Amaya Leisure PLC, the Managing Agents, with whom formal management contracts have been signed

Group Owned Hotel

1. Kandyan Resort (Pvt) Ltd – Owner of Amaya Hills at Kandy
2. Culture Club Resort (Pvt) Ltd – Owner of Amaya Lake at Dambula

Managing Hotel

1. Hunas Falls PLC - Owner of Hunas Falls by Amaya at Elkaduwa
2. Langdale Resort and Spa (Pvt) Ltd – Owner of Langdale by Amaya at Nuwaraeliya
3. Coral Rock Hotel (Pvt) Ltd – Owner of Coral Rock by Amaya at Hikkaduwa

The operations of these hotels are conducted by the Managing Agents within the policy framework outlined by the Board that requires adherence to global best practices in the hospitality industry. The Board regularly monitors and assesses the performance of the hotels by means of Management Reports in prescribed formats, presentations and discussions with the Managing Agents.

Board meetings, agenda and attendance

The Board of Amaya Leisure PLC met once every quarter and the Directors' attendance is shown in the table below.

Name of Director	Meetings Attended
Mr. A. M. Pandithage	01/01
Mr. L. T. Samarawickrama	02/02
Mr. D. E. Silva	02/02
Mr. C. J. Wickramasinghe	02/02
Mr. S. Senaratne	02/02
Mr. K. D. D. Perera	–
Mr. W. D. N. H. Perera	00/02
Mr. S. H. Amarasekera	01/02
Ms. D. S. N. Weerasooriya	01/01
Ms. R. N. Ponnambalam	00/01

Mr. Haresh Somashantha (Alt to Mr. K. D. D. Perera)

Mr. S. J. Wijesinghe (Alt to Mr. K. D. D. Perera)

The updating of all Directors' skills and knowledge is progressive and ongoing. This is achieved by keeping them fully briefed on important developments in the business activities of the Group and by providing them access to

- External and Internal Auditors
- Periodic reports on performance
- Updates on topics that range from proposed/new regulations to industry best practices
- Senior Management of the Managing Agents in a structured setting
- Industry experts and other external professional advisory services
- The Legal, Tax and Finance Divisions of the Hayleys PLC of which the Company is a member and
- The services of the Company Secretary

Non-Executive Directors have the opportunity of gaining further insight into the Groups' business by visits to hotels across the brand portfolios.

The Directors devote sufficient time and make every effort to ensure that in proportion with their knowledge and experience, they discharge their responsibilities to the Company and the Group. This is achieved by reviewing Board papers, business visits to understand risk exposures and operating conditions, attending Board meetings and participating in discussions with the Managing Agents.

Board and CEO's performance appraisal

The Chairman evaluates the performance of the Board while the independent, Non-Executive Chairman of the Audit Committee evaluates the effectiveness of the Audit Committee based on feedback from Committee members and regular invitees to the Committee, which includes the MD, CFO, FM.

Nominations Committee and Board Appointments

The Nominations Committee of Amaya Leisure PLC functions as the Nominations Committee of the Company and its subsidiaries. The Nominations Committee of Amaya Leisure PLC, comprises three independent Directors and one non independent Director namely:

1. Mr. C. J. Wickramasinghe - Chairman
2. Mr. S. H. Amarasekera
3. Ms. D. S. N. Weerasooriya
4. Ms. R. N. Ponnambalam

The Board identifies eligible candidates having regard to their professional competence, experience in commercial, management and personal qualities. Eligible candidates are recommended for appointment by the Nominations Committee of the Amaya Leisure PLC, in keeping with its norms.

Shareholders must formally approve all new appointments at the first opportunity after their appointment, as provided by Article 90 of the Articles of Association of the Company.

Tenure, Retirement and Re-election

One third of the Directors by rotation on the basis prescribed in the Articles 98 of the Articles of Association. Director retiring by rotation is eligible for re-election.

The tenure of office for non independent Directors is limited by their prescribed Company retirement age.

Independent Directors, on the other hand, can be appointed to office for three consecutive terms of three years, which however, is subject to the age limit set by statute at the time of re-appointment following the end of a term.

The proposal for the re-appointment of Directors is set out in the Annual Report of the Board of Directors on page 49 as well as the Notice of Meeting on page 134 of this Report.

REMUNERATION

As permitted by the listing rules of the Colombo Stock Exchange, the Remuneration Committee of the Amaya Leisure PLC functions as the Remuneration Committee of the Company and its subsidiaries. The Remuneration Committee of Amaya Leisure PLC comprises three independent Directors and one non independent Director.

1. Mr. C. J. Wickramasinghe - Chairman
2. Mr. S. H. Amarasekera
3. Ms. D. S. N. Weerasooriya
4. Ms. R. N. Ponnambalam

The remuneration policy adopted by the Group as recommended by the Remuneration Committee of Amaya Leisure PLC is formulated to attract and retain high calibre executives and motivate them to develop and implement the business strategy in order to optimise long term Shareholder value creation. The Committee also recommends the remuneration of the Managing Director.

Having conducted market surveys, obtained expert opinion and having considered the management complexities of the Group, on the recommendation of the Remuneration Committee, the Group has adopted the suitable remuneration policy designed to provide an appropriate remuneration to the employees

Board Remuneration

Non-executive Directors are paid to their accounts on the attendance for the meeting.

ACCOUNTABILITY AND AUDIT

Operations, Planning, Monitoring and Decision Rights

The responsibility for monitoring plans has been entrusted to the Managing Agents, while the achievement of the plans as well as ensuring compliance with Group policies and guidelines rests with the Managing Director and functional department heads of the respective business units.

Monitoring of Financial Data

- Financial results are evaluated against the Annual Plan and subsequent Reforecast on a monthly basis at all management levels
- The Board reviews the financial results on a quarterly basis

Investment Appraisal Process and Investment Decisions

Over the years, the Group has refined the process of investment appraisal which ensures the involvement of the relevant persons when investment decisions are made. In this manner, several views, opinions and advice are obtained prior to the investment decision. Experience has proven that a holistic and well debated view of the commercial viability and potential of proposed projects including operational, financial, funding, risk and tax implications has most of the time, culminated in a good result.

Integrity of Systems, Processes and Internal Controls

The Board has taken necessary steps to ensure the integrity of the Group's accounting and financial reporting systems, internal control systems and also reviews and monitors such systems on a periodic basis. Systems and processes covering risk management, financial and operational control, ethical conduct, compliance with legal and regulatory requirements and corporate social responsibility are described below:

Audit Committee

The Audit Committee comprises three independent Directors and one Non-independent Director as prescribed in the Listing Rules of the Colombo Stock Exchange, the Chairman of the Audit Committee is a member of a professional accounting body of the Institute of Chartered Accountants of Sri Lanka with several years of experience in financial auditing and accounting.

The Audit Committee focuses principally in assisting the Board to fulfil its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function. It is governed by a Charter that encompasses the review and monitoring of internal controls, operational and business risks, adequacy and fairness of disclosures, procedures relating to statutory, regulatory and related compliances as well as the working of the committee. The Committee is responsible for the evaluation and recommendation of the External Auditors.

The Audit Committee met on three occasions during the year. Attendance was as follows:

Name of Director	Meetings Attended
Ms. D. S. N. Weerasooriya - Chairman	01/01
Mr. C. J. Wickramasinghe	02/02
Mr. S. H. Amarasekera	02/02
Ms. R. N. Ponnambalam	00/01

The Chairman, Managing Director, the Group Financial Officer, Finance Manager, and Internal Auditor are regular invitees of the Audit Committee.

External Auditors

Messrs. Ernst & Young are the External Auditors of Amaya Leisure PLC as well as its subsidiaries; they also audit the Consolidated Financial Statements of the Amaya Group.

Care is taken to ensure that the internal audit function in Group Companies is not outsourced to the External Auditor in order to ensure that the independence of the External Auditor is not compromised.

The audit fees paid by the Company and Group to Messers. Ernst & Young are separately classified on page 116 in the Notes to the Financial Statements.

The Auditors' Report on the Financial Statements of the Company and the Group for the year under review is found on page 80 of this Report.

System of Internal Control and Risk Review

The Group's systems are designed to provide the Directors with reasonable assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors and irregularities are either prevented or detected in a timely manner. Key elements of such procedures are as follows:

- Formal policies and procedures are defined which include the documentation of key systems and rules relating to delegation of financial authority. This restricts the unauthorised use of the Group's assets and ensures the monitoring of controls.

CORPORATE GOVERNANCE

- The annual budgets are approved by the Board after detailed management review. There is a detailed budgeting process for each hotel property of the Group. Budgets are prepared in a manner that facilitates management to monitor key business and financial activities. Results are regularly reviewed against budget and revised forecasts for the year are prepared on a half yearly basis.
- Capital Expenditure is subject to formal authorization procedures.
- Experienced and suitably qualified staff takes responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance
- To further strengthen internal controls and have independent assurance in the Group has enlisted the services of internal audit division of Hayleys PLC which is parent company

Going Concern and Financial Reporting

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future. In the unlikely event that the net assets of the Company falls below 50% of shareholders funds, shareholders would be notified and an extraordinary resolution passed on the proposed way forward.

The going concern principle has been adopted in preparing the Financial Statements. All statutory and material declarations are highlighted in the Annual Report of the Board of Directors. Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (SLAS), including all the new standards introduced during the subject year and comply with the requirements of the Companies Act No. 7 of 2007.

The Statement of Directors' Responsibility in relation to financial reporting is given on page 75 of this Report. The Directors' interests in contracts of the Company are addressed on page 52 of this Report.

The Directors have taken all reasonable steps in ensuring the accuracy and timeliness of published information and in presenting a honest and balanced assessment of results in the quarterly and annual Financial Statements. Price sensitive information has been disclosed to the Colombo Stock Exchange, shareholders and the press in a timely manner and in keeping with the regulations.

SHAREHOLDER RELATIONS

Constructive Use of AGM

The Annual General Meeting provides a useful forum for shareholders to interact with the Directors of the Company and discuss the progress of the business, its performance and objectives, while at the same time giving the Directors the opportunity to understand the issues and concerns of shareholders. Every effort is made to ensure that the Chairmen of the Board Committees are available to respond to shareholder queries.

The Company places great emphasis on releasing its Financial Statements in a timely manner so as to ensure that shareholders have access to information on which they could make informed decisions. Maximum possible information is provided to shareholders in a timely manner and full disclosure is made subject only to any sensitive information, which could directly affect the business of the Company and the Group.

CORPORATE GOVERNANCE

Shareholder Participation

The Notice convening the meeting provides details of the Agenda to be dealt with at the meeting. The consideration and adoption of the Annual Report of the Board of Directors and the Financial Statements for the year ended 31 March 2012 along with the Report of the Auditors are presented as separate resolutions.

Along with the Notice of Meeting, the Company Secretaries inform shareholders of their voting rights as well as the procedure they could adopt to vote in the event they are unable to attend the meeting.

Major Transactions

The Directors ensure that any corporate transaction that would materially affect the net asset base of the Company are communicated to shareholders. There were no Major Transactions as defined under Section 185 by the Companies Act No. 7 of 2007 during the year under review.

Conclusion

As the track record of companies with regard to transparency, integrity and sustainable governance practices have become key factors influencing a growing number of investors as they seek to safeguard their investments, the solid foundation of trust, loyalty, personal integrity, fairness to all stakeholders and strong corporate culture that has been nurtured by the Company has positioned it well to reap the benefit of this trend.

CORPORATE GOVERNANCE

Compliance with the Listing Rules of the Colombo Stock Exchange - Check List

● Compliant ○ Non-Compliant

Rule No	Subject	Applicable Requirement	Compliance Status	Applicable Section in the Annual Report
7.10.1(a)	Non-Executive Directors (NED)	2 or at least 1/3 of the total number of Directors should be NEDs	●	Corporate Governance
7.10.2 (a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	●	Corporate Governance
7.10.2 (b)	Independent Directors	Each NED should submit a declaration of independence	●	Available with the Secretaries for review
7.10.3 (a)	Disclosure relating to Directors	<ul style="list-style-type: none"> The Board shall annually determine the independence or otherwise of the NEDs Names of IDs should be disclosed in the Annual Report (AR) 	●	Corporate Governance
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board's determination of ID, if criteria specified for independence is not met	●	Corporate Governance
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	●	Board of Directors section in the Annual Report
7.10.3 (d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE	●	Corporate Governance and Board of Directors section in the Annual Report
7.10.5	Remuneration Committee (RC)	A listed company shall have RC	●	Corporate Governance
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of NEDs, a majority of whom will be independent	●	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of the Managing Director and other Directors	●	Corporate Governance
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	<ul style="list-style-type: none"> Names of Directors comprising the RC Statement of Remuneration Policy Aggregate remuneration paid to Directors 	● ● ●	Corporate Governance
7.10.6	Audit Committee (AC)	The Company shall have an AC	●	Corporate Governance
7.10.6 (a)	Composition of Audit Committee	<ul style="list-style-type: none"> Shall comprise of NEDs, a majority of whom will be Independent A NED shall be appointed as the Chairman of the Committee CEO and Chief Financial Officer (CFO) should attend AC meetings The Chairman of the AC or one member should be a member of a professional accounting body 	● ● ● ●	Corporate Governance and the Audit Committee Reports

CORPORATE GOVERNANCE

● Compliant ○ Non-Compliant

Rule No	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10.6 (b)	Audit Committee Functions	Overseeing of the – <ul style="list-style-type: none"> Preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards Assessment of the independence and performance of the External Auditors Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the External Auditor 	● ● ● ● ●	Corporate Governance and the Audit Committee Reports
7.10.6 (c)	Disclosure in Annual Report relating to Audit Committee	<ul style="list-style-type: none"> Names of Directors comprising the AC The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination The AR shall contain a Report of the AC setting out the manner of compliance with their functions 	● ● ●	Corporate Governance and the Audit Committee Reports

CORPORATE GOVERNANCE

Adoption of Joint Code of Best Practice - Check List

● Compliant ○ Non-Compliant

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A. 1 DIRECTORS - Board				
A.1.1	Frequency of Board Meetings	• Board should meet regularly, at least once every quarter	○	Corporate Governance/ Annual Report of the Board of Directors
A.1.2	Responsibilities of the Board	<ul style="list-style-type: none"> • Formulation and implementation of strategy, • Skill adequacy of management and succession, • Integrity of information, internal controls and risk management • Compliance with laws, regulations and ethical standards • Code of conduct • Adoption of appropriate accounting policies 	●●●●●●	Corporate Governance/ Annual Report of the Board of Directors
A.1.3	Access to professional advice	• Procedures to obtain independent professional advice	●	Corporate Governance
A.1.4	Company Secretary	<ul style="list-style-type: none"> • Ensure adherence to board procedures and applicable rules and regulations • Procedure for Directors to access services of Company Secretary 	●●	Corporate Governance
A.1.5	Independent judgment	• Directors should exercise independent judgment on issues of strategy, resources, performance and standards of business judgment	●	Corporate Governance
A.1.6	Dedication of adequate time and effort by Directors	• Directors should devote adequate time and effort to discharge their responsibilities to the Company satisfactorily	●	Corporate Governance
A.1.7	Training for Directors	• Directors should receive appropriate training, hone skills and expand knowledge to more effectively perform duties	●	Corporate Governance

A. 2 DIRECTORS - Chairman & Chief Executive Officer (Managing Director)

A.2	Division of responsibilities to ensure no individual has unfettered powers of decision making	• A balance of power and authority to be maintained by separating responsibility for conducting board business from that of executive decision making	●	Corporate Governance
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A. 3 DIRECTORS - Role of Chairman

A.3	Ensure good corporate governance	• Chairman to preserve order and facilitate effective discharge of board functions by proper conduct of board meetings	●	Corporate Governance
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CORPORATE GOVERNANCE

● Compliant ○ Non-Compliant

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A. 4 DIRECTORS - Financial Acumen				
A.4	Possession of adequate financial acumen	• Board to ensure adequacy of financial acumen and knowledge within board	●	Corporate Governance
A. 5 DIRECTORS – Board Balance				
A.5.1	Composition of Board	• The Board should include a sufficient number of Non-Executive, independent Directors	●	Corporate Governance
A.5.2	Proportion of independent Directors	• Two or one third of the Non-Executive Directors should be independent	●	Corporate Governance
A.5.3	Test of independence	• Independent Directors should be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment	●	Corporate Governance
A.5.4	Declaration of independence	• Non-executive Directors should submit a signed and dated declaration of their independence/Non-Independence	●	Corporate Governance/ Annual Report of the Board of Directors
A.5.5	Annual determination of criteria of independence/ Non-Independence and declaration of same by the Board	• The Board should annually determine and disclose the names of Directors deemed to be independent	●	Corporate Governance
A.5.6	Appointment of Senior Independent Director (SID)	• If the roles of Chairman/CEO are combined, a non-executive Director should be appointed as a Senior Independent Director	N/A	
A.5.7	Availability of Senior Independent Director to other Directors	• If warranted, the SID should be available to the other Directors for confidential discussions.	N/A	
A.5.8	Interaction between Chairman and Non-Executive, independent Directors	• The Chairman should meet the Non-Executive, independent Directors at least once a year	●	Corporate Governance
A.5.9	Directors' concerns to be recorded	• When matters are not unanimously resolved, Directors to ensure their concerns are recorded in board minutes	N/A	

CORPORATE GOVERNANCE

● Compliant ○ Non-Compliant

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
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A. 6 DIRECTORS - Supply of Information

A.6.1	Provision of adequate information to Board	• Management to ensure the Board is provided with timely and appropriate information	●	Corporate Governance
A.6.2	Adequacy of Notice and formal agenda to be discussed at Board meetings	• Board minutes, agenda and papers should be circulated at least seven days before the Board meeting	●	Corporate Governance

A. 7 DIRECTORS - Appointments to the Board

A.7.1	Nomination Committee	• Nominations Committee of the Company make recommendations to the Board on new Board appointments	●	Corporate Governance
A.7.2	Annual assessment of Board composition	• Nominations Committee or Board should annually assess the composition of the Board	●	Corporate Governance
A.7.3	Disclosure of new Board appointments	• Profiles of new Board appointments to be communicated to Shareholders	●	Corporate Governance Notice of Meeting

A. 8 DIRECTORS – Re-election

A.8.1	Appointment of Non-Executive Directors	• Appointment of Non-Executive Directors should be for specified terms and re-election should not be automatic	●	Corporate Governance/ Annual Report of the Board of Directors
A.8.2	Shareholder approval of appointment of all Directors	• The appointment of all Directors should be subject to election by shareholders at the first opportunity	●	Corporate Governance/ Annual Report of the Board of Directors/ Notice of Meeting

A. 10 DIRECTORS - Disclosure of Information in respect of Directors

A.10.1	Biographical profiles and relevant details of Directors to be disclosed	• Annual Report should disclose the biographical details of Directors and attendance at Board/Committee Meetings	●	Board of Directors Section/ Corporate Governance
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A. 11 DIRECTORS - Appraisal of Chief Executive Officer

A.11.1	Short, medium and long-term objectives, financial and non-financial objectives to be set	• The Board should set out the short, medium and long term objectives, financial and non-financial objectives at the commencement of each year	●	Corporate Governance
A.11.2	Evaluation of CEO performance	• The performance of the CEO should be evaluated at the end of the year	●	Corporate Governance

CORPORATE GOVERNANCE

● Compliant ○ Non-Compliant

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
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B. 1 DIRECTORS REMUNERATION - Remuneration Procedure

B.1.1	Appointment of Remuneration Committee	• RC of parent may function as such for the Company to make recommendations on Directors' remuneration	●	Corporate Governance / Report of the Remuneration Committee
B.1.2	Composition of Remuneration Committee	• Board to appoint only Non-Executive Directors to serve on RC	●	Corporate Governance / Report of the Remuneration Committee
B.1.3	Disclosure of members of Remuneration Committee	• The Annual Report should disclose the chairman and Directors who serve on the RC	●	Corporate Governance / Report of the Remuneration Committee
B.1.4	Remuneration of Non-Executive Directors	• Board to determine the level of remuneration of Non-Executive Directors	●	Corporate Governance / Report of the Remuneration Committee
B.1.5	Access to professional advice	• RC should have access to professional advice in order to determine appropriate remuneration for Directors	●	Corporate Governance / Report of the Remuneration Committee

B. 2 DIRECTORS REMUNERATION - Level and Make up of Remuneration

B.2.1	Remuneration packages for Executive Directors	• Packages should be structured to attract, retain and motivate Directors	●	Corporate Governance
B.2.2	Remuneration packages to be appropriately positioned	• Packages should be comparable and relative to that of other companies as well as the relative performance of the Company	●	Corporate Governance
B.2.3	Appropriateness of remuneration and conditions in relation to other Group companies	• When determining annual increases RC should be sensitive to that of other Group companies	●	Corporate Governance
B.2.4	Performance related elements of remuneration	• Performance related elements of remuneration should be aligned with interests of Company	N/A	
B.2.5	Share options	• Share options should not be offered at a discount	N/A	
B.2.9	Remuneration packages for Non-Executive Directors	• Should reflect time commitment and responsibilities of role and in line with existing market practice	●	Corporate Governance

B. 3 DIRECTORS REMUNERATION - Disclosure of Remuneration

B.3.1	Disclosure of details of remuneration	• The Annual Report should disclose the remuneration paid to Directors	●	Financial Statements
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CORPORATE GOVERNANCE

● Compliant ○ Non-Compliant

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
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C. 1 RELATIONS WITH SHAREHOLDERS – Constructive Use and Conduct of Annual General Meeting

C.1.1	Proxy votes to be counted	• The Company should count and indicate the level of proxies lodged for and against in respect of each resolution	●	Corporate Governance
C.1.2	Separate resolutions	• Separate resolutions should be proposed for substantially separate issues	●	Corporate Governance/ Notice of Meeting
C.1.3	Availability of Committee chairmen at AGM	• The chairmen of Board committees should be available to answer any queries at AGM	●	Corporate Governance
C.1.4	Notice of AGM	• 15 working days notice to be given to shareholders	●	Notice of Meeting
C.1.5	Procedure for voting at meetings	• Company to circulate the procedure for voting with Notice of Meeting	●	Notice of Meeting

C. 2 MAJOR TRANSACTIONS

C.2.1	Disclosure of Major Transactions	• Transactions that have a value which are greater than half of the net assets of the Company should be disclosed	N/A	
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D.1 ACCOUNTABILITY AND AUDIT - Financial Reporting

D.1.1	Presentation of public reports	• Should be balanced, understandable and comply with statutory and regulatory requirements	●	Corporate Governance/ Financial Statements
D.1.2	Directors Report	• The Director's Report should be included in the Annual Report. The report should confirm that: - the Company has not contravened laws or regulations in conducting its activities - Material interests in contracts have been declared by Directors - the Company has endeavoured to ensure equitable treatment of shareholders - that the business is a "going concern" - that there is reasonable assurance of the effectiveness of the existing business systems following a review of the internal controls covering financial, operational and compliance Annual	● ● ● ● ●	Report of the Board of Directors Audit Committee Report Annual Report of the Board of Directors/ Financial Statements Corporate Governance Audit Committee Report
D.1.3	Respective responsibilities of Directors and Auditors	• The Annual Report should contain separate statements setting out the responsibilities of the Directors for the preparation and presentation of the financial statements and the reporting responsibilities of the Auditors Statement of Directors	●	Responsibility Report of the Auditors and Directors
D.1.4	Going Concern	• Directors to substantiate and report that the business is a going concern or qualify accordingly	●	Annual Report of the Board of Directors
D.1.5	Serious Loss of Capital	• Directors to summon an Extraordinary General Meeting in the event that the net assets of the Company falls below 50% of the value of Shareholders Funds	N/A	

CORPORATE GOVERNANCE

● Compliant ○ Non-Compliant

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
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D.2 ACCOUNTABILITY AND AUDIT - Internal Control

D.2.1	Effectiveness of system of internal controls	• Directors to annually conduct a review of the effectiveness of the system of internal controls. This responsibility may be delegated to the Audit Committee	●	Audit Committee Report/Corporate Governance
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D.3 AUDIT COMMITTEE

D.3.1	Chairman and Composition of Audit Committee	• Should comprise of a minimum of two independent, Non-Executive Directors • Audit Committee Chairman should be appointed by the Board	● ●	Audit Committee Report/Corporate Governance
D.3.2	Duties of Audit Committee	Should include • Review of scope and results of audit and its effectiveness • Independence and objectivity of the Auditors	● ●	Audit Committee Report/Corporate Governance
D.3.3	Terms of Reference/ Charter	• The parent company terms of reference charter is applicable to the company	●	Corporate Governance
D.3.4	Disclosures	• The Annual Report should disclose the names of Directors serving on the Audit Committee • The Audit Committee should determine the independence of the Auditors and disclose the basis of such determination • The Annual Report should contain a report by the Audit Committee setting out the manner of compliance of the Company during the period to which the Report relates	● ● ●	Corporate Governance/ Audit Committee Report Corporate Governance Audit Committee Report

D.4 CODE OF BUSINESS CONDUCT AND ETHICS

D.4.1	Adoption of Code of Business Conduct and Ethics	• The Company must adopt a Code of Business Conduct and Ethics for Directors and members of the senior management team and promptly disclose any violation of the Code	●	Corporate Governance
D.4.2	Chairman's affirmation	• The Annual Report must include an affirmation by the Chairman that he is not aware of any violation of the Code of Business Conduct and Ethics	●	Chairman's Statement/ Annual Report of the Board of Directors

CORPORATE GOVERNANCE

● Compliant ○ Non-Compliant

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
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D.5 CORPORATE GOVERNANCE DISCLOSURES

D.5.1	Corporate Governance Report	• The Annual Report should include a report setting out the manner and extent to which the Company has adopted the principles and provisions of the Code of Best Practice on Corporate Governance	●	Corporate Governance
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E. INSTITUTIONAL INVESTORS – Structured Dialogue

E.1	Structured Dialogue with Shareholders	• A regular and structured dialogue should be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman	●	Corporate Governance
E.2	Evaluation of Governance Disclosures by Institutional Investors	• Institutional investors should be encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition	●	Corporate Governance

F. INDIVIDUAL INVESTORS – Structured Dialogue

F1	Individual Investors	• Individual shareholders should be encouraged to carry out adequate analysis and seek professional advice when making their investment/divestment decisions	●	Corporate Governance
F2	Shareholder Voting	• Individual shareholders should be encouraged to participate and exercise their voting rights	●	Corporate Governance/ Form of Proxy

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORTING

The Directors are responsible, under the Sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 7 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year. The Directors are also responsible, under Section 148 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. The Financial Statements provide the information required by the Companies Act and the listing rules of the Colombo Stock Exchange.

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

As required by Section 56 (2) of the Companies Act No. 7 of 2007, the Board of Directors authorized and paid a Dividend in March 2012, the Company satisfied the Solvency Test in accordance with Section 57 of the Companies Act and a Certificate of Solvency from its Auditors was obtained in respect of the dividend paid.

The External Auditors, Messers. Ernst & Young, Chartered Accountants, were deemed re-appointed in terms of Section 158 of the Companies Act No. 7 of 2007 and were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on page 81 sets out their responsibilities in relation to the Financial Statements.

COMPLIANCE REPORT

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

(sgd)

By Order of the Board,

Hayleys Group Services (Pvt) Ltd.

Secretaries

16 May 2012

REPORT OF AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises of three independent Directors and one Non-Independent Director.

The members of the Board appointed Audit Committee are;

Ms. D. S. N. Weerasooriya – Chairman

Mr. C. J. Wickramasinghe

Mr. S. H. Amarasekara

Ms. R. N. Ponnambalam

The Board Secretary functions as the Secretary to the Audit Committee.

The Audit Committee has a written Term of Reference, dealing clearly with its authority and duties. This is established for the purpose of assisting the Board in fulfilling their oversight responsibilities regarding the integrity of the financial statements, risk management, internal control, and compliance with legal and regulatory requirements, review of External Auditor's performances, Independence and the internal audit functions.

MEETINGS

The Audit Committee met two times during the year. The Managing Director, Chief Financial Officer, Finance Manager & Internal Auditor also attended these meetings by invitation. The other Executives do so as and when required.

FINANCIAL REPORTING

As part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, the Committee has reviewed and discussed with the Management, the annual and the quarterly Financial Statements prior to their issuance, including the extent of compliance with the Sri Lanka Accounting Standards and the Companies Act No 7 of 2007. Matters of special interest in the current environment and the process that support certifications of the Financial Statements by the Company's Managing Director, and Finance Manager were also brought up for discussion.

RISK AND CONTROLS

During the year, the Committee assessed the major business and control risks and the control environment prevalent in the company and advised the Board an action to be taken in areas where weaknesses were observed. The Committee reviewed reports on losses resulting from frauds and operational failures, and scrutinized the effectiveness of the Company's internal control system already in place and the processes for identification, evaluation and management of all significant risks.

EXTERNAL AUDIT

The Committee met with the External Auditor during the year to discuss their audit approach and procedures, including matters relating to the scope of the audit. In addition, the annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process was also undertaken. The Lead partner is required to be rotated every five years, in order to ensure the independence of the Auditor.

REPORT OF THE AUDIT COMMITTEE

The Non-Audit Services provided by the External Auditor was also reviewed and the committee was of the view that such services did not impair with their independence and were not within the category of services identified as restricted under the Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

The re-appointment of the External Auditor, M/s Ernst & Young has been recommended to the Board of Directors and the Committee has also fixed the Auditor's remuneration, for approval by the shareholders at the Annual General Meeting.

During the year, the Audit Committee reviewed the performance of the internal audit function; the findings of the audits completed which covered the head office and all other 2 hotels. With special reference to the internal controls regarding hotel operations, and the department's resource requirements including succession planning and also approved the internal audit plan.

REGULATORY COMPLIANCE

The Finance Manager has submitted to the Audit Committee, a report on the extent to which the Company was in compliance with mandatory and statutory requirements. The Committee reviewed the procedures established by Management for compliance with the requirements of regulatory bodies and also ensured the full compliance to the Colombo Stock Exchange Rule No. 7.10 on Corporate Governance disclosure requirements, which is given on page 56.

COMMITTEE EVALUATION

The annual evaluation of the Committee was conducted by the Chairman, the Managing Director, Chief Financial Officer the Finance Manager Internal Auditor and the External Auditor in accordance with International best practices and was deemed to be satisfactory.

(sgd)

D.S.N. Weerasooriya

Chairman

Audit Committee

16 May 2012

REPORT OF REMUNERATION COMMITTEE

REPORT OF REMUNERATION COMMITTEE

The Remuneration Committee, appointed by and responsible to the Board of Directors, comprises of three independent Directors and one Non-Independent Director.

Mr. C. J. Wickramasinghe – Chairman
Mr. S. H. Amarasekara
Ms. D. S. N. Weerasooriya
Ms. R. N. Ponnambalam

POLICY

The remuneration policy of the Company endeavors to attract, motivate and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company. The Committee focuses and is responsible to ensure that the total package is competitive to attract the best talent for the benefit of the Company.

The remuneration framework of the Company for the Chairman, Managing Director and Corporate Management is designed to create and enhance value to all stakeholders of the Company and to ensure alignment with the short and long-term interest of the Company and its Executives and in designing competitive compensation packages, the Committee consciously balances the short-term performance with medium to long-term goals of the Company.

SCOPE

The Committee reviews all significant changes in the corporate sector in determining salary structures and terms and conditions relating to staff at Senior Executive level. In this decision making process, necessary information and recommendations are obtained from the Managing Director. The Committee deliberates and recommends to the Board of Directors the remuneration packages and annual increments and bonuses of the Managing Director, members of the Corporate Management and Senior Executive staff and lays down guidelines for the compensation structure for all Executive staff and oversees the implementation thereof.

The Managing Director who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed.

FEES

All Non-Executive Directors receive a fee for attendance at Board Meetings. They do not receive any performance or incentive payment. The total remuneration to Directors is shown in Note 30.2 in page 122.

MEETINGS

The Committee met during the financial year under review. A report of the decisions approved and recommended to the Board by the Board of Directors.

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview.

COMMITTEE EVALUATION

Self-Assessment by Committee members was complied with at the commencement.

(sgd)

C. J. Wickramasinghe

Chairman

Remuneration Committee

16 May 2012



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AMAYA LEISURE PLC

Report on the Financial Statements

We have audited the accompanying Financial Statements of Amaya Leisure PLC ("the Company"), the Consolidated Financial Statements of the Company and its subsidiaries, which comprise the Balance Sheets as at 31 March 2012, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a Summary of Significant Accounting Policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate Accounting Policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting

the amounts and disclosures in the Financial Statements. An audit also includes assessing the Accounting Policies used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2012 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31 March 2012 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at 31 March 2012 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these Financial Statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 7 of 2007.

16 May 2012
Colombo

Partners : A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva ACA Ms. Y A De Silva ACA W R H Fernando FCA FCMA W K B S P Fernando FCA FCMA A P A Gunasekara FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA Ms. L C G Nanayakkara FCA FCMA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

BALANCE SHEET

As at 31 March

	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	5	2,144,089,304	1,497,140,497	43,095,894	5,062,930
Leasehold Property	6	7,894,872	8,143,561	-	-
Other Non-Current Assets	7	24,000,000	-	24,000,000	-
Investments in Subsidiaries	8	-	-	934,926,965	934,926,965
Other Investments	9.1	83,645,920	3,196,879	83,645,920	3,196,879
		<u>2,259,630,096</u>	<u>1,508,480,937</u>	<u>1,085,668,779</u>	<u>943,186,774</u>
Current Assets					
Inventories	10	20,107,339	20,235,275	-	-
Trade and Other Receivables	11	160,292,357	148,770,195	3,982,427	7,708,346
Amounts due from Related Parties	12	1,948,150	-	3,052,970	1,293,593
Tax Receivables		1,196,240	6,203,844	-	-
Other Investments	9.2	11,289,056	71,088,256	11,289,056	71,088,256
Short Term Deposits	9.3	-	124,894,300	-	59,894,300
Cash and Bank Balances	13	45,701,912	16,678,937	2,978,958	360,390
		<u>240,535,054</u>	<u>387,870,807</u>	<u>21,303,411</u>	<u>140,344,885</u>
Total Assets		<u>2,500,165,150</u>	<u>1,896,351,744</u>	<u>1,106,972,190</u>	<u>1,083,531,659</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	14	526,770,320	526,770,320	526,770,320	526,770,320
Capital Reserves	15	1,089,627,523	674,639,534	56,306	-
Retained Earnings		496,284,906	392,337,452	189,699,285	191,463,176
		<u>2,112,682,749</u>	<u>1,593,747,306</u>	<u>716,525,911</u>	<u>718,233,496</u>
Minority Interest		<u>27,072,821</u>	<u>11,443,210</u>	-	-
Total Equity		<u>2,139,755,570</u>	<u>1,605,190,516</u>	<u>716,525,911</u>	<u>718,233,496</u>
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16	71,890,669	22,403,805	11,004,619	-
Deferred Tax Liabilities	17	72,217,502	68,263,804	-	-
Retirement Benefit Obligation	18	19,817,490	16,802,027	4,978,718	5,120,794
		<u>163,925,661</u>	<u>107,469,636</u>	<u>15,983,337</u>	<u>5,120,794</u>
Current Liabilities					
Trade and Other Payables	19	133,702,841	129,753,017	24,173,878	31,047,603
Amounts due to Related Parties	20	5,172,555	2,606,781	346,435,849	319,649,493
Tax Payables		6,572,077	10,871,215	99,792	703,562
Interest Bearing Loans and Borrowings	16	51,036,446	40,460,579	3,753,423	8,776,711
		<u>196,483,919</u>	<u>183,691,592</u>	<u>374,462,942</u>	<u>360,177,369</u>
Total Equity and Liabilities		<u>2,500,165,150</u>	<u>1,896,351,744</u>	<u>1,106,972,190</u>	<u>1,083,531,659</u>

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


.....
Finance Manager

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


.....
Chairman


.....
Managing Director

The Accounting Policies and Notes on pages 86 through 123 form an integral part of these Financial Statements.

16 May 2012
Colombo

INCOME STATEMENT

Year ended 31 March

	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Revenue	21	830,365,438	667,708,925	62,732,696	4,308,972
Cost of Sales		(205,118,860)	(196,344,835)	-	-
Gross Profit		625,246,578	471,364,090	62,732,696	4,308,972
Other Income	22.1	68,479,815	104,468,969	226,100,444	215,760,950
Selling and Marketing Expenses		(54,092,706)	(40,576,836)	(20,042,718)	-
Administrative Expenses		(329,233,044)	(283,779,533)	(81,409,052)	(27,196,196)
Finance Cost	23.1	(6,708,752)	(7,490,238)	(1,025,016)	(3,143,853)
Finance Income	23.2	8,325,372	24,816,347	4,910,400	22,376,532
Profit on Disposal of Subsidiary	22.2	-	203,720,638	-	222,172,409
Profit before Tax		312,017,263	472,523,437	191,266,754	434,278,814
Tax Expense		(15,952,284)	(5,095,011)	(893,693)	(5,166,497)
Profit for the Year		296,064,979	467,428,426	190,373,061	429,112,317
Attributable to:					
Equity Holders of the Parent		296,084,406	469,716,500	190,373,061	429,112,317
Minority Interest		(19,427)	(2,288,074)	-	-
		<u>296,064,979</u>	<u>467,428,426</u>	<u>190,373,061</u>	<u>429,112,317</u>
Basic Earnings per Share	26	6.16	9.78	3.96	8.93
Dividend per Share	27	4.00	6.00	4.00	6.00

The Accounting Policies and Notes on pages 86 through 123 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2012

Group	Stated Capital	Revaluation Reserves	Capital Redemption Reserve Fund	Retained Earnings	Total	Minority Interest	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2010	466,727,530	736,959,074	31,843,625	176,706,005	1,412,236,234	133,599,342	1,545,835,576
Acquisition of Subsidiary	-	-	-	-	-	11,500,080	11,500,080
Capitalization of Reserves	60,042,790	(5,472,805)	(31,843,625)	(22,726,360)	-	-	-
Transfer of Surplus on Revaluation of Derecognized Property, Plant and Equipment	-	(955,678)	-	955,678	-	-	-
Dividend	-	-	-	(288,205,428)	(288,205,428)	-	(288,205,428)
Profit for the Year	-	-	-	469,716,500	469,716,500	(2,288,074)	467,428,426
Disposal of Subsidiary	-	(55,891,057)	-	55,891,057	-	(131,368,138)	(131,368,138)
Balance as at 31 March 2011	526,770,320	674,639,534	-	392,337,452	1,593,747,306	11,443,210	1,605,190,516
Dividend	-	-	-	(192,136,952)	(192,136,952)	-	(192,136,952)
Profit for the Year	-	-	-	296,084,406	296,084,406	(19,427)	296,064,979
Surplus on Revaluation of Property, Plant and Equipment	-	419,769,107	-	-	419,769,107	15,649,038	435,418,145
Effect of Deferred Tax on Revaluation Surplus	-	(4,781,118)	-	-	(4,781,118)	-	(4,781,118)
Balance as at 31 March 2012	526,770,320	1,089,627,523	-	496,284,906	2,112,682,749	27,072,821	2,139,755,570

Company	Stated Capital	Revaluation Reserves	Capital Redemption Reserve Fund	Retained Earnings	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2010	466,727,530	5,472,805	31,843,625	73,282,647	577,326,607
Capitalization of Reserves	60,042,790	(5,472,805)	(31,843,625)	(22,726,360)	-
Dividend	-	-	-	(288,205,428)	(288,205,428)
Profit for the Year	-	-	-	429,112,317	429,112,317
Balance as at 31 March 2011	526,770,320	-	-	191,463,176	718,233,496
Dividend	-	-	-	(192,136,952)	(192,136,952)
Surplus on Revaluation of Property, Plant and Equipment	-	56,306	-	-	56,306
Profit for the Year	-	-	-	190,373,061	190,373,061
Balance as at 31 March 2012	526,770,320	56,306	-	189,699,285	716,525,911

The Accounting Policies and Notes on pages 86 through 123 form an integral part of these Financial Statements.

CASH FLOW STATEMENT

Year ended 31 March

	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Profit before Tax		312,017,263	472,523,437	191,266,754	434,278,814
Adjustment For					
Depreciation		75,800,812	69,520,271	7,142,918	1,477,844
Profit on Disposal of Property, Plant and Equipment	22.1	(12,500,000)	(4,847,524)	-	(3,683,928)
Gain on Retirement of Property Plant and Equipment	22.1	(582,693)	-	-	-
Provision for Defined Benefit Obligation	18	9,346,468	2,703,354	5,090,541	252,740
Amortisation of Leasehold Property	6	248,689	248,689	-	-
Bad Debts		1,311,043	-	-	-
Provision for Bad and Doubtful Debts		2,054,296	465,080	-	-
Impairment on Revaluation of Property, Plant and Equipment		149,908	-	149,908	-
Provision for Intercompany Receivables		-	-	-	11,468,397
Dividend Income	22.1	(1,586,463)	(45)	(211,846,009)	(148,921,880)
Finance Income	23.2	(8,325,372)	(24,816,347)	(4,910,400)	(22,376,532)
Finance Cost	23.1	6,708,752	7,490,238	1,025,016	3,143,853
Provision for Fall in Value of Investments		14,364,331	-	14,364,331	-
Profit on Disposal of Other Investments	22.1	(13,408,977)	(59,661,970)	(13,408,977)	(59,661,970)
Profit on Disposal of Subsidiaries	22.2	-	(203,720,638)	-	(222,172,409)
Other Debtors Written-off		646,851	2,508,592	646,851	1,824,633
Unrecovered Income Tax Written-off		481,988	-	54,880	-
Creditors Written-back	22.1	(3,895,508)	(6,300,134)	(719,001)	(3,490,724)
Operating Profit/(Loss) before Working Capital Changes		382,831,388	256,113,003	(11,143,188)	(7,861,162)
(Increase)/Decrease in Inventories		127,936	(366,659)	-	-
(Increase)/Decrease in Trade and Other Receivables		(15,534,352)	(56,889,004)	3,079,068	(1,750,899)
(Increase)/Decrease in Amounts due from Related Parties		(1,948,150)	1,414,508	(1,759,377)	5,147,996
Increase/(Decrease) in Trade and Other Payables		5,758,594	55,876,238	(9,154,723)	15,164,729
Increase/(Decrease) in Amounts due to Related Parties		2,565,774	(1,357,230)	26,786,356	(74,519,766)
Cash Generated From/(Used in) Operations		373,801,190	254,790,856	7,808,136	(63,819,102)
Finance Cost paid	23.1	(6,708,752)	(7,490,238)	(1,025,016)	(3,143,853)
Defined Benefit Obligation Paid	18	(3,331,005)	(1,240,875)	(2,232,617)	-
Tax Refund		5,239,187	-	-	-
Tax Paid		(21,792,413)	(13,431,267)	(1,552,343)	(2,237,655)
Net Cash From/(Used in) Operating Activities		347,208,207	232,628,476	2,998,160	(69,200,610)
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	5.1	(246,310,344)	(113,095,804)	(31,769,485)	(1,946,002)
Finance Income Received	23.2	8,325,372	24,816,347	4,910,400	22,376,532
Dividend Received	22.1	1,586,463	45	211,846,009	148,921,880
Proceeds from Disposal of Property, Plant and Equipment	22.1	12,500,000	5,763,747	-	2,196,428
Acquisition of Non-Current Assets	7	(24,000,000)	-	(24,000,000)	-
Acquisition of Other Investments		(101,657,019)	(83,605,859)	(101,657,019)	(83,605,859)
Acquisition of Subsidiaries		-	(10,000,012)	-	(10,000,012)
Proceeds from Disposal of Subsidiaries		-	338,044,129	-	335,827,873
Proceeds from Disposal of Other Investments		80,051,824	99,348,091	80,051,824	99,348,091
Net Cash From/(Used in) Investing Activities		(269,503,704)	261,270,684	139,381,729	513,118,931
Cash Flows From/(Used in) Financing Activities					
Dividend Paid		(192,136,952)	(288,205,428)	(192,136,952)	(288,205,428)
Repayment of Director's Loans		(3,000,000)	-	(3,000,000)	-
Proceeds from Bank Loans		33,130,700	26,794,599	-	-
Repayment of Bank Loans		(7,317,588)	(971,775)	-	-
Principal Payment under Finance Lease Liabilities		(8,417,689)	(6,275,423)	(1,823,940)	(1,206,957)
Net Cash From/(Used in) Financing Activities		(177,741,529)	(268,658,027)	(196,960,892)	(289,412,385)
Net Increase/(Decrease) in Cash and Cash Equivalents		(100,037,026)	225,241,133	(54,581,003)	154,505,936
Cash and Cash Equivalents at the beginning of the Year		117,066,882	(108,174,251)	57,559,424	(96,946,512)
Cash and Cash Equivalents at the end of the Year	13	17,029,856	117,066,882	2,978,421	57,559,424

The Accounting Policies and Notes on pages 86 through 123 form an integral part of these Financial Statements.

ACCOUNTING POLICIES

1. REPORTING ENTITY

Amaya Leisure PLC (“the Company”) is a Public Limited Liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company and the principal place of business are situated at Level 27, East Tower, World Trade Center, Echelon Square, Colombo 01.

The Consolidated Financial Statements of the Company for the year ended 31 March 2012 comprise the Company and its subsidiaries (together referred to as “the Group”).

The Consolidated Financial Statements of the Group for the year ended 31 March 2012 were authorized for issue in accordance with a resolution of the Board of Directors on 16 May 2012.

During the year, the principal activities of the Company were provision of management and marketing services to its subsidiaries and managing entities.

The principal activities of the subsidiaries of the Company namely Culture Club Resorts (Private) Limited and Kandyan Resorts (Private) Limited were provision of food, beverage, lodging and other hospitality industry related activities.

The Company’s parent undertaking is Hayleys PLC. In the opinion of the Directors, the Company’s ultimate parent undertaking and controlling party is also Hayleys PLC, which is incorporated in Sri Lanka.

The Financial Statements of all companies in the Group are prepared for a common financial year, which ends on 31st March and are incorporated in Sri Lanka.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL), and with the requirements of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis unless stated otherwise and accounting policies are applied consistently.

2.3 Basis of Consolidation

The Consolidated Financial Statements (referred to as “the Group”) comprise the Financial Statements of the Company and its subsidiaries.

2.3.1 Acquisitions and Divestments

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. Non-controlling Interest was measured at the proportionate share of the acquiree’s identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

The results of subsidiaries acquired or incorporated during the period have been consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

2.3.2 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities which is evident when the Group controls the composition of the Board of Directors of the entity or holds more than 50% of the issued shares of the entity or 50% of the voting rights of the entity or entitled to receive more than half of every dividend from shares carrying unlimited right to participate in distribution of profits or capital.

The subsidiaries and their controlling percentages of the Group, which have been consolidated, are as follows:

Subsidiary	2012	2011
Culture Club Resorts (Private) Limited	100%	100%
Kandyan Resorts (Private) Limited	100%	100%
The Beach Resorts Limited	84.3%	84.3%
Connaissance Hotel Management (Private) Limited	100%	100%
CDC Conventions (Private) Limited	100%	100%
Connaissance Air Travels (Private) Limited	100%	100%

The interest of outside shareholders in Group Companies is disclosed separately under the heading of “Non-controlling Interest”. The Financial Statements of the subsidiaries are prepared in compliance with the Group’s accounting policies unless stated otherwise.

The Financial Statements of Connaissance Air Travels (Private) Limited, Connaissance Hotel Management

ACCOUNTING POLICIES

(Private) Limited and CDC Conventions (Private) Limited have been prepared on a basis other than going concern basis of accounting, reflecting discontinuation of operations and the Financial Statements of The Beach Resorts Limited have been prepared on a basis other than going concern basis of accounting, reflecting non-commencement of business operations.

Accordingly, adjustments have been made to reflect account balances on a break-up basis of accounting in accordance with Generally Accepted Accounting Principles and Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and assets have been provide for diminution in value to reduce their carrying value to their estimated realizable amounts and to provide for any further known liabilities which would arise, and to reclassify long term assets and long term liabilities as current assets and liabilities.

2.3.3 Transactions with Non-controlling Interests

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading “Non-controlling Interest”. The Group applies a policy of treating transactions with Non-controlling interests as transactions with parties external to the Group.

2.3.4 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupee, which is the Group’s functional currency unless stated otherwise.

2.5 Comparative Information

The Accounting Policies applied by the Group and are consistent with those used in the previous year. The previous year's figures and phrases have been reclassified or restated wherever necessary to conform current year in order to provide a better presentation.

2.6 Use of Estimates and Judgments

The preparation of the Group's Financial Statements in conformity with SLAS's requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

Revaluation of Property, Plant and Equipment

The Group measures land, building and certain other classes of Property, Plant and Equipment at revalued

amounts with changes in fair value being recognised in Statement of Equity. The Group engaged independent valuation specialists to determine fair value as at 31 March 2012. The revaluation of Property, Plant and Equipment are further disclosed in Note 5.

Defined Benefit Plans

The employee benefits liability of the Group is based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Private) Limited, actuaries. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation are highly sensitive to changes in these assumptions. Further details of the key assumptions used in the estimates are contained in Note 18.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has tax loss carry forwards amounting to Rs.248,145,684/- (2011 - Rs.277,010,026/-). These losses relate to Amaya Leisure PLC that has history of losses. A deferred tax asset has not been recognised in respect of this tax loss and other temporary differences which has resulted deferred tax assets as it is anticipated that the deferred tax asset will not realise in the foreseeable future. Further details on taxes are disclosed in Note 17.

2.7 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign Currency Translations

The Financial Statements of the Group are presented in Sri Lanka Rupees, which is the functional and presentation currency of the Group. 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 Balance Sheet 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.

3.2 ASSETS AND THE BASES OF THEIR VALUATION

Assets classified as current assets in the Balance Sheet are cash and bank balances and those which are expected to realize in cash, during the normal operating cycle or within one year from the Balance Sheet date, whichever is shorter.

Assets other than current assets are those which the Group intends to hold beyond a period of one year from the Balance Sheet date.

3.2.1 Property, Plant and Equipment

Recognition and Measurement

Items of Property, Plant and Equipment are measured at cost or at fair value in the case of land, buildings and certain other classes less accumulated depreciation and accumulated impairment losses, if any.

a) Owned Assets

The cost of Property, Plant and Equipment includes expenditure that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

A revaluation of land, buildings and certain other classes is done when there is a substantial difference between the fair value and the carrying amount of the land, buildings and certain other classes, and is undertaken by professionally qualified valuers.

Increases in the carrying amount on revaluation are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same individual asset are charged against revaluation reserve directly in equity. All other decreases are expensed in profit and loss.

b) Leased Assets

Finance Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as

finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases other than finance leases are recognized as operating leases. 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.

Operating leases

Operating lease payments are recognised as an operating expense in the Income Statement on a straight-line basis over the lease term.

Subsequent Expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in profit and loss and gains are not classified as revenue.

Depreciation

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Buildings on Leasehold Land	Over the Lease period
Buildings on Freehold Land	50 years
Furniture and Fittings	10 years
Plant and Machinery	10 years
Air-conditioners	10 years
Kitchen Equipments	10 years
Office Equipments	05 years
Computer Equipments	04 years
Cable TV Network	10 years
Crockery of Cutlery	04 years
Linen	04 years
Fixtures and Fittings	10 years
Motor Vehicles	05 years
Amaya Leisure PLC	
Computer Equipments	05 years
Kandyan Resorts (Private) Limited	
Kitchen Equipments	04 years
Culture Club Resorts (Private) Limited	
Air-conditioners	08 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital Work-in-Progress

Capital work-in-progress is transferred to the respective asset accounts at the time of the first utilization or at the time the asset is commissioned.

3.2.2 Leasehold Property

Pre-paid lease rentals paid to acquire land use rights are amortized over the lease term in accordance with the patterns of the benefits provided. Leasehold property is tested for impairment annually and is written down where applicable. The impairment loss, if any, is recognized in the Income Statement.

3.2.3 Investments

Long-Term Investments

Quoted and unquoted investments in shares held on long term basis are measured at cost. In the parent Company's Financial Statements, investments in subsidiaries are carried at cost less impairment losses under the parent Company's accounting policy for long term investments. Provision for impairment is made when in the opinion of the Directors there has been a decline which is other than temporary in the value of the investment. Income from these investments is recognised only to the extent of dividend received.

Short-Term Equity Investments

Short-term investments are measured at the lower of cost and market value on an individual investment basis, with any resultant gain or loss recognised in profit and loss.

3.2.4 Inventories

Inventories are measured at the lower of cost and net realisable value. The general basis on which cost is determined is:

Food and Beverages	} Weighted Average Basis
House Keeping and Maintenance	
Printing and Stationary	
Consumables and Other	

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

3.2.5 Trade and Other Receivables

Trade and other receivables are stated at their estimated realisable amounts. A provision for doubtful debts is made when the debt exceeds 180 days, and collection of the full amount is no longer probable. Bad debts are written-off when identified.

3.2.6 Short-Term Deposits

Short-term deposits comprise deposits with an original maturity of three months or less is stated at cost.

3.2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and short term deposits (deposits with maturities of three months or less from the date of acquisition). Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.2.8 Impairment of Non-Financial Assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Calculation of Recoverable Amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment/Reversal of Impairment

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.3 LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities on the Balance Sheet are those which fall due for payment on demand or within one year from the Balance Sheet date. Non-current liabilities are those balances that fall due for payment later than one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing the Financial Statements.

3.3.1 Retirement Benefit Obligation

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an expense in profit and loss as incurred.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

Defined Benefit Obligation - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by SLAS16 - "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 18. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with SLAS 16 (Revised 2006) on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded.

3.3.2 Trade and Other Payables

Trade and other payables are stated at their cost.

3.3.3 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the Financial Statements.

3.3.4 Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the Balance Sheet date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

3.4 INCOME STATEMENT

For the purpose of presentation of the Income Statement, the function of expenses method is adopted, as it represents fairly the elements of group performance.

3.4.1 Turnover

Amaya Leisure PLC's gross turnover comprises provision of management and marketing services to its subsidiaries and managing entities. The Group's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities. The net group's turnover excludes turnover taxes and trade discounts. The gross turnover represents the invoiced value of services to customers outside the Group.

3.4.2 Revenue

Hotel Income

Room revenue is recognized on the rooms occupied on a daily basis and food and beverage and other hotel related sales are accounted for at the point of sales.

Commission Income

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the commission made by the Group.

Dividend Income

Dividend income is recognised in profit and loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Other Income

Other income is recognised on an accrual basis.

Rental Income

Rental income is recognised in profit and loss as it accrues.

Interest Income

Interest income is recognised as interest accrues.

Gains and Losses

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant and Equipment and are recognised net within “other operating income” in profit and loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.4.3 Turnover Based Taxes

Turnover based taxes include value added tax, nation building tax, economic service charge and tourism development levy. Group pays such taxes in accordance with the respective statutes.

3.4.4 Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

3.4.5 Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the lease term are classified as operating leases. Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

3.4.6 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.4.7 Finance Income and Expenses

Finance income comprises interest income on funds invested, and gains on translation of foreign currency. Interest income is recognised in profit and loss as it accrues.

Finance expenses comprise interest payable on borrowings and losses on translation of foreign currency. The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.4.8 Taxation

Current Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, when it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Kandyan Resorts (Private) Limited

Pursuant to agreement dated 23 March 1994, entered into with Board of Investments of Sri Lanka under section 17 of the Board of Investment Law No. 04 of 1978, the provision of the Inland Revenue Act No. 10 of 2006 relating to the imposition, payment and recovery of income tax in respect of the profit and income of the Company shall not apply for a period of ten (10) years reckoned from the year of assessment as may be determined by the Board (“the tax exemption period”).

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 five (05) years reckoned from the date of commencement of commercial operations whichever comes first, as may be specified in a certificate issued by the Board. This exemption period commence from 01 April 2002 and expires on 31 March 2012.

Deferred Taxation

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Income Statement.

Tax withheld on dividend income from subsidiaries is recognised as an expense in the Consolidated Income Statement at the same time as the liability to pay the related dividend is recognised.

Kandyan Resorts (Private) Limited

As the Inland Revenue Act does not apply as stated above, temporary differences do not exist during the tax exemption period. Therefore deferred tax does not apply.

3.5 Events Occurring after the Balance Sheet Date

All material post Balance Sheet events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

3.6 Earnings Per Share

The Group presents basic Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.7 Cash Flow Statement

The Cash Flow Statement has been prepared using the “indirect method”. Interest paid is classified as an operating cash flow. Interest income is classified as cash flows from investing activities. Dividends paid are classified as financing cash flows.

4. SRI LANKA ACCOUNTING STANDARDS EFFECTIVE FROM 01 JANUARY 2012

The Group will be adopting the new Sri Lanka Accounting Standards (new SLAS) comprising LKAS and SLFRS applicable for financial periods commencing from 01 January 2012 as issued by the Institute of Chartered Accountants of Sri Lanka. The Group has commenced reviewing its accounting policies and financial reporting in readiness for the transition. As the Group has a 31 March year end, priority has been given to considering the

preparation of an opening Balance Sheet in accordance with the new SLASs as at 01 April 2011. This will form the basis of accounting for the new SLASs in the future, and is required when the Group prepares its first new SLAS compliant Financial Statements for the year ending 31 March 2013. Set out below are the key areas where accounting policies will change and may have an impact on the Financial Statements of the Group. The Group is in the process of quantifying the impact on the Financial Statements arising from such changes in accounting policies.

- (a) **SLFRS 1 - First Time Adoption of Sri Lanka Accounting Standards** requires the Group to prepare and present opening new SLFRS Financial Statements at the date of transition to new SLAS. The Group shall use the same accounting policies in its opening new SLAS Financial Statements and throughout all comparable periods presented in its first new SLAS Financial Statements. **LKAS 1 - Presentation of Financial Statements** requires an entity to present, in a Statement of Changes in Equity, all owner changes in equity. All non owner changes in equity are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. This standard also requires the Group to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.
- (b) **LKAS 16 - Property, Plant and Equipment** requires a company to initially measure an item of Property, Plant and Equipment at cost, using the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as

interest over the period, unless such interest is capitalized in accordance with **LKAS 23 Borrowing Costs**.

All site restoration costs including other environmental restoration and similar costs must be estimated and capitalised at initial recognition, in order that such costs can be depreciated over the useful life of the asset. This standard requires depreciation of assets over their useful lives, where the residual value of assets is deducted to arrive at the depreciable value. It also requires that significant components of an asset be evaluated separately for depreciation.

- (c) **LKAS 32 - Financial Instruments: Presentation, LKAS 39 - Financial Instruments: Recognition and Measurement and SLFRS 7 - Disclosures** will result in changes to the current method of recognizing financial assets, financial liabilities and equity instruments. These standards will require measurement of financial assets and financial liabilities at fair value at initial measurement. The subsequent measurement of financial assets classified as fair value through profit and loss and available for sale will be at fair value, with the gains and losses routed through the statements of comprehensive income and equity respectively.

Financial assets classified as held to maturity and loans and receivables will be measured subsequently at amortized cost. These assets will need to be assessed for any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') coupled with a reliable estimate of the loss event (or events) impact on the estimated future cash flows of the financial asset or group of financial assets. As such the current method of assessing for impairment will have to be changed to meet the requirements of these new standards.

Financial liabilities will be either classified as fair value through profit or loss or at amortized cost. At present, the Group does not identify, categorise and measure financial assets and liabilities as per the requirements of the standard and also does not recognise certain derivative instruments on the balance sheet.

- (d) **SLFRS 3 - Business combinations** will require the company to apply this standard to transactions and other events that meet the new definition of a business i.e. an integrated set of assets (inputs) and activities (processes) which are capable of being conducted and managed to provide a return, as opposed to a mere asset acquisition. Under the new acquisition method of accounting, in addition to recognizing and measuring in its financial statements the identifiable assets acquired and liabilities assumed the standard also requires recognition and measurement of any non-controlling interest in the acquiree and re-measuring to fair value any previously held interests which could have an impact on the recognition of goodwill. Subsequent to the acquisition of control any acquisitions or disposals of non-controlling interest without loss of control will be accounted for as

equity transactions and cannot be recognized as profit/loss on disposal of investments in the statement of financial performance.

- (e) **LKAS 12 - Income Tax** requires deferred tax to be provided in respect of temporary differences which will arise as a result of adjustments made to comply with the new SLAS.
- (f) **LKAS 18 - Revenue** requires the Group to measure revenue at fair value of the consideration received or receivable. It also specifies recognition criteria for revenue, and the Group needs to apply such recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction.

NOTES TO THE FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENT

5. PROPERTY, PLANT AND EQUIPMENT

	Balance As at 01.04.2011 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Revaluation Rs.	Balance As at 31.03.2012 Rs.
5.1 Group					
5.1.1 Gross Carrying Amounts					
At Cost					
Freehold Land	74,654,898	49,147,683	(74,654,898)	-	49,147,683
Buildings on Leasehold Land	50,157,819	22,286,181	(54,807,985)	-	17,636,015
Freehold Buildings	44,179,721	10,481,015	(47,137,350)	-	7,523,386
Motor Vehicles	2,746,728	31,570,400	8,433,380	-	42,750,508
Furniture and Fittings	10,008,662	9,812,960	(11,062,449)	-	8,759,173
Air Conditioners	2,627,298	6,854,501	(3,460,993)	-	6,020,806
Kitchen Equipments	5,916,182	1,397,232	(6,158,144)	-	1,155,270
Plant and Machinery	49,200,616	20,724,472	(54,442,261)	-	15,482,827
Cuttlery and Crockery	24,310,797	1,797,719	(8,610,941)	-	17,497,575
Linen	50,019,518	2,355,376	(17,893,594)	-	34,481,300
Fixtures and Fittings	22,435,173	1,452,184	-	-	23,887,357
Office Equipments	2,455,787	6,730	(2,455,788)	-	6,729
Computer Equipments and Network	20,949,755	2,068,249	(21,519,553)	-	1,498,451
	<u>359,662,954</u>	<u>159,954,702</u>	<u>(293,770,576)</u>	-	<u>225,847,080</u>
At Valuation					
Freehold Land	92,003,000	-	74,654,898	255,956,602	422,614,500
Buildings on Leasehold Land	586,058,850	-	54,807,985	(37,271,435)	603,595,400
Freehold Buildings	499,080,799	-	47,137,350	44,357,907	590,576,056
Furniture and Fittings	49,060,017	-	11,062,449	(3,468,880)	56,653,586
Air Conditioners	40,315,052	-	3,365,527	516,714	44,197,293
Kitchen Equipments	27,547,347	-	6,158,144	(1,548,034)	32,157,457
Plant and Machinery	68,757,982	-	54,242,261	(33,391,111)	89,609,132
Office Equipments	760,442	-	769,872	(157,713)	1,372,601
Computer Equipments and Network	9,289,687	-	13,888,179	(9,973,614)	13,204,252
	<u>1,372,873,176</u>	-	<u>266,086,665</u>	<u>215,020,436</u>	<u>1,853,980,277</u>
Assets on Finance Lease					
Motor Vehicles	40,541,448	41,851,647	(32,512,673)	-	49,880,422
Computer Equipments	3,539,987	-	(3,539,987)	-	-
Generator	2,373,800	-	-	-	2,373,800
	<u>46,455,235</u>	<u>41,851,647</u>	<u>(36,052,660)</u>	-	<u>52,254,222</u>
Total Value of Assets	<u>1,778,991,365</u>	<u>201,806,349</u>	<u>(63,736,571)</u>	<u>215,020,436</u>	<u>2,132,081,579</u>
	Balance As at 01.04.2011 Rs.	Incurred during the year Rs.	Disposals/ Transfers Rs.	Revaluation Rs.	Balance As at 31.03.2012 Rs.
In the Course of Construction					
Building Work-in-Progress	27,470,397	86,005,602	-	-	113,475,999
	<u>27,470,397</u>	<u>86,005,602</u>	-	-	<u>113,475,999</u>
Total Gross Carrying Amount	<u>1,806,461,762</u>	<u>287,811,951</u>	<u>(63,736,571)</u>	<u>215,020,436</u>	<u>2,245,557,578</u>

NOTES TO THE FINANCIAL STATEMENT

5. PROPERTY, PLANT AND EQUIPMENT (Contd....)

5.1.2 Depreciation	Balance	Charge	Disposals/	Revaluation	Balance
	As at 01.04.2011	for the year	Transfers		As at 31.03.2012
	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost					
Buildings on Leasehold Land	1,907,450	563,857	(2,334,180)	-	137,127
Freehold Buildings	1,911,121	426,146	(2,292,336)	-	44,931
Motor Vehicles	2,173,090	6,579,749	6,548,309	-	15,301,148
Furniture and Fittings	2,495,359	661,613	(2,942,845)	-	214,127
Air Conditioners	572,822	319,109	(718,560)	-	173,371
Kitchen Equipments	1,632,273	409,903	(1,982,467)	-	59,709
Plant and Machinery	4,581,049	2,796,853	(6,906,490)	-	471,412
Cuttlery and Crockery	17,946,466	2,119,371	(8,517,747)	-	11,548,090
Linen	36,319,872	4,118,812	(17,656,218)	-	22,782,466
Fixtures and Fittings	8,476,404	2,076,001	-	-	10,552,405
Office Equipments	1,804,397	64,269	(1,868,554)	-	112
Computer Equipments and Network	16,327,555	596,145	(16,828,542)	-	95,158
	<u>96,147,858</u>	<u>20,731,828</u>	<u>(55,499,630)</u>	<u>-</u>	<u>61,380,056</u>
At Valuation					
Buildings on Leasehold Land	47,737,950	12,011,870	2,334,180	(55,042,049)	7,041,951
Freehold Buildings	39,926,464	11,049,061	2,292,336	(46,377,807)	6,890,054
Furniture and Fittings	19,612,105	5,349,671	2,942,845	(24,599,826)	3,304,795
Air Conditioners	16,536,487	4,483,245	623,094	(18,883,912)	2,758,914
Kitchen Equipments	16,090,196	4,299,191	1,982,467	(19,748,724)	2,623,130
Plant and Machinery	27,252,388	8,092,116	6,706,490	(36,823,794)	5,227,200
Office Equipments	608,354	223,636	182,639	(854,363)	160,266
Computer Equipments and Network	8,431,880	2,058,276	9,197,167	(17,917,327)	1,769,996
	<u>176,195,824</u>	<u>47,567,066</u>	<u>26,261,218</u>	<u>(220,247,802)</u>	<u>29,776,306</u>
Assets on Finance Lease					
Motor Vehicles	32,666,112	7,264,538	(30,627,602)	-	9,303,048
Computer Equipments	3,539,987	-	(3,539,987)	-	-
Generator	771,484	237,380	-	-	1,008,864
	<u>36,977,583</u>	<u>7,501,918</u>	<u>(34,167,589)</u>	<u>-</u>	<u>10,311,912</u>
Total Depreciation	<u>309,321,265</u>	<u>75,800,812</u>	<u>(63,406,001)</u>	<u>(220,247,802)</u>	<u>101,468,274</u>

NOTES TO THE FINANCIAL STATEMENT

5. PROPERTY, PLANT AND EQUIPMENT (Contd....)

5.1.3 Net Book Values	2012	2011
	Rs.	Rs.
At Cost		
Freehold Land	49,147,683	74,654,898
Buildings on Leasehold Land	17,498,888	48,250,369
Freehold Buildings	7,478,455	42,268,600
Motor Vehicles	27,449,360	573,638
Furniture and Fittings	8,545,046	7,513,303
Air Conditioners	5,847,435	2,054,476
Kitchen Equipments	1,095,561	4,283,909
Plant and Machinery	15,011,415	44,619,567
Cuttlery and Crockery	5,949,485	6,364,331
Linen	11,698,834	13,699,646
Fixtures and Fittings	13,334,952	13,958,769
Office Equipments	6,617	651,390
Computer Equipments and Network	1,403,293	4,622,200
	<u>164,467,024</u>	<u>263,515,096</u>
5.1.3 Net Book Values		
At Valuation		
Freehold Land	422,614,500	92,003,000
Buildings on Leasehold Land	596,553,449	538,320,900
Freehold Buildings	583,686,002	459,154,335
Furniture and Fittings	53,348,791	29,447,912
Air Conditioners	41,438,379	23,778,565
Kitchen Equipments	29,534,327	11,457,151
Plant and Machinery	84,381,932	41,505,594
Office Equipments	1,212,335	152,088
Computer Equipments and Network	11,434,256	857,807
	<u>1,824,203,971</u>	<u>1,196,677,352</u>
Assets on Finance Lease		
Motor Vehicles	40,577,374	7,875,336
Generator	1,364,936	1,602,316
	<u>41,942,310</u>	<u>9,477,652</u>
In the Course of Construction		
Building Work-in-Progress	113,475,999	27,470,397
	<u>113,475,999</u>	<u>27,470,397</u>
Total Carrying Amount of Property, Plant and Equipments	<u>2,144,089,304</u>	<u>1,497,140,497</u>

5.1.4 The freehold land, buildings and certain other classes of Property, Plant and Equipment of the Group were last revalued by Messers. K. Arthur Perera an independent valuer and consultant, in reports dated 31 August 2011. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 August 2011. Land was valued on an open market value for existing used basis and building and certain other classes of Property, Plant and Equipment were valued on a depreciation replacement cost basis. The surplus arising from the revaluation was transferred to a revaluation reserve and impairment is expensed in profit and loss.

NOTES TO THE FINANCIAL STATEMENT

5. PROPERTY, PLANT AND EQUIPMENT (Contd....)

The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follow:

Class of Asset	Cost	Cumulative Depreciation if Assets were Carried at Cost	Net Carrying Amount	Net Carrying Amount
	2012 Rs.	2012 Rs.	2012 Rs.	2011 Rs.
Freehold Land	40,108,094	-	40,108,094	40,108,094
Buildings on Leasehold Land	298,423,116	84,975,765	213,447,351	219,415,813
Freehold Buildings	349,015,627	55,689,704	293,325,923	255,068,410
Furniture and Fittings	48,538,375	47,016,284	1,522,091	1,580,006
Air Conditioners	31,981,603	31,228,287	753,316	-
Kitchen Equipments	35,506,643	34,353,322	1,153,321	126,229
Plant and Machinery	113,332,270	90,044,246	23,288,024	11,562,489
Office Equipment	2,164,920	1,985,561	179,359	-
Computer Equipments and Network	23,408,888	22,807,503	601,385	98,619
	942,479,536	368,100,672	574,378,864	527,959,660

5.1.5 During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs.287,811,951/- (2011 - Rs.116,488,664/-), including cost incurred on capital work in progress. Assets of which Rs.41,501,607/- (2011 - Rs. 3,392,857/-) was acquired by means of finance leases. Cash payments amounted to Rs. 246,310,344/- (2011 - Rs.113,095,804/-) were made during the year for purchase of property, plant and equipment.

5.1.6 Property, plant and equipment of the Group includes fully depreciated assets having gross carrying amounts of Rs. 30,578,393/- (2011 - Rs.58,704,647/-).

5.1.7 Information on the Freehold Land, Freehold Buildings, Leasehold Land and Buildings on Leasehold Land of the Group is as follows:

Company	Location	Ownership	Land extent	Lease Period	No. of Buildings	Buildings extent (sq. ft.)
Culture Club Resorts (Private) Limited	Dambulla	Leasehold	8.094 Hectares	50 years	72	70,000
Kandyan Resorts (Private) Limited	Kandy	Freehold	1,508 Perches	-	10	101,000
The Beach Resorts Limited	Wadduwa	Freehold	2.2017 Hectares	-	-	-

NOTES TO THE FINANCIAL STATEMENT

5. PROPERTY, PLANT AND EQUIPMENT (Contd....)

	Balance As at 01.04.2011 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Revaluation Rs.	Balance As at 31.03.2012 Rs.
	5.2 Company				
5.2.1 Gross Carrying Amounts					
At Cost					
Motor Vehicles	55,800	31,070,000	4,995,000	-	36,120,800
Furniture and Fittings	3,066,286	251,105	(3,163,983)	-	153,408
Air Conditioners	95,466	-	(95,466)	-	-
Office Equipments	2,168,717	6,730	(2,168,718)	-	6,729
Computer Equipments	12,098,904	441,650	(12,227,153)	-	313,401
	17,485,173	31,769,485	(12,660,320)	-	36,594,338
At Valuation					
Furniture and Fittings	-	-	3,163,983	(1,385,508)	1,778,475
Office Equipments	-	-	482,802	(245,303)	237,499
Computer Equipments	-	-	1,055,792	(236,342)	819,450
	-	-	4,702,577	(1,867,153)	2,835,424
Assets on Finance Lease					
Motor Vehicles	4,995,000	13,500,000	(4,995,000)	-	13,500,000
	4,995,000	13,500,000	(4,995,000)	-	13,500,000
Total Gross Carrying Amount	22,480,173	45,269,485	(12,952,743)	(1,867,153)	52,929,762

NOTES TO THE FINANCIAL STATEMENT

5. PROPERTY, PLANT AND EQUIPMENT (Contd....)

5.2.2 Depreciation	Balance	Charge for	Disposals/	Revaluation	Balance
	As at 01.04.2011	the year	Transfers		As at 31.03.2012
	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost					
Motor Vehicles	27,900	5,189,490	3,912,750	-	9,130,140
Furniture and Fittings	1,312,905	135,731	(1,441,813)	-	6,823
Air-Conditioners	95,466	-	(95,466)	-	-
Office Equipments	1,754,100	40,346	(1,794,334)	-	112
Computer Equipments	11,313,122	101,161	(11,394,680)	-	19,603
	<u>14,503,493</u>	<u>5,466,728</u>	<u>(10,813,543)</u>	<u>-</u>	<u>9,156,678</u>
At Valuation					
Furniture and Fittings	-	103,747	1,441,813	(1,441,813)	103,747
Office Equipments	-	27,837	108,419	(108,419)	27,837
Computer Equipments	-	95,606	223,318	(223,318)	95,606
	<u>-</u>	<u>227,190</u>	<u>1,773,550</u>	<u>(1,773,550)</u>	<u>227,190</u>
Assets on Finance Lease					
Motor Vehicles	2,913,750	1,449,000	(3,912,750)	-	450,000
	<u>2,913,750</u>	<u>1,449,000</u>	<u>(3,912,750)</u>	<u>-</u>	<u>450,000</u>
Total Depreciation	<u>17,417,243</u>	<u>7,142,918</u>	<u>(12,952,743)</u>	<u>(1,773,550)</u>	<u>9,833,868</u>

5.2.3 Net Book Values

	2012	2011
	Rs.	Rs.
At Cost		
Motor Vehicles	26,990,660	27,900
Furniture and Fittings	146,585	1,753,381
Office Equipments	6,617	414,617
Computer Equipments	293,798	785,782
	<u>27,437,660</u>	<u>2,981,680</u>
At Valuation		
Furniture and Fittings	1,674,728	-
Office Equipments	209,662	-
Computer Equipments	723,844	-
	<u>2,608,234</u>	<u>-</u>
Assets on Finance Lease		
Motor Vehicles	13,050,000	2,081,250
	<u>13,050,000</u>	<u>2,081,250</u>
Total Carrying Amount of Property, Plant and Equipment	<u>43,095,894</u>	<u>5,062,930</u>

NOTES TO THE FINANCIAL STATEMENT

5. PROPERTY, PLANT AND EQUIPMENT (Contd)

5.2.4 The certain classes of Property, Plant and Equipment of the Company were last revalued by Messers. K. Arthur Perera an independent valuers and consultants, in report dated 31 August 2011. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 August 2011. Such assets were valued on a depreciation replacement cost basis. The surplus arising from the revaluation was transferred to a revaluation reserve and impairment is expensed in profit and loss.

The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follow:

Class of Asset	Cost	Cumulative	Net Carrying	Net Carrying
	2012	Depreciation	Amount	Amount
	Rs.	Rs.	Rs.	Rs.
			if Assets were Carried at Cost	
			2012	2011
			Rs.	Rs.
Furniture and Fittings	3,163,893	1,626,379	1,537,514	1,753,381
Office Equipments	482,802	164,745	318,057	414,618
Computer Equipments	1,055,792	346,443	709,349	785,781
	<u>4,702,487</u>	<u>2,137,567</u>	<u>2,564,920</u>	<u>2,953,780</u>

5.2.5 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.45,269,485/- (2011 - Rs.1,946,002/-), of which Rs.13,500,000/- was acquired by means of finance leases. Cash payments amounted to Rs.31,769,485/- (2011 - Rs.1,946,002/-) were made during the year for purchase of property, plant and equipment.

6. LEASEHOLD PROPERTY

	Group	
	2012	2011
	Rs.	Rs.
As at 1 April	8,143,561	8,392,250
Amortisation for the Year	(248,689)	(248,689)
As at 31 March	<u>7,894,872</u>	<u>8,143,561</u>

Prepaid lease rentals paid to acquire land use rights of Culture Club Resorts (Private) Limited have been classified as leasehold property and are amortised over the lease term in accordance with the pattern of benefits provided.

NOTES TO THE FINANCIAL STATEMENT

7. OTHER NON-CURRENT ASSETS

	Group/Company	
	2012	2011
	Rs.	Rs.
Lake Lodge Resorts (Private) Limited	<u>24,000,000</u>	-
	<u>24,000,000</u>	-

Amaya Leisure PLC has acquired 80% controlling interest in Lake Lodge Resorts (Private) Limited on 26th March 2012. However Lake Lodge Resorts (Private) Limited possesses neither the required inputs to create output or the processes to generate output. The objective of this acquisition is to secure the leasehold right to the property. Therefore, the Company has not accounted for said transaction in accordance with SLAS 25 - "Business Combination".

8. INVESTMENT IN SUBSIDIARIES

8.1 Non-Quoted Investments	Group/Company		Group		Company			
	Holding		Cost		Cost	Directors' Valuation		Directors' Valuation
	2012	2011	2012	2011	2012	2012	2011	2011
	%	%	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Kandyan Resorts (Private) Limited	100%	100%	-	-	415,178,962	415,178,962	415,178,962	415,178,962
Culture Club Resorts (Private) Limited	100%	100%	-	-	457,980,103	457,980,103	457,980,103	457,980,103
The Beach Resorts Limited	84.3%	84.3%	-	-	61,767,900	61,767,900	61,767,900	61,767,900
Connaissance Hotel Management (Private) Limited	100%	100%	-	-	-	-	-	-
CDC Conventions (Private) Limited	100%	100%	-	-	-	-	-	-
Connaissance Air Travels (Private) Limited	100%	100%	-	-	-	-	-	-
Total Non-Quoted Investments in Subsidiaries			<u>-</u>	<u>-</u>	<u>934,926,965</u>	<u>934,926,965</u>	<u>934,926,965</u>	<u>934,926,965</u>

9. OTHER INVESTMENTS

9.1 Non-Current	Group/Company					
	No. of Shares		Carrying Value			
	2012	2011	2012	2011		
				Rs.	Rs.	
Quoted Investment in Equipments (Note 9.1.1)	521,600	21,600	83,645,920	3,196,879		
Total Carrying Value of Other Investments - Non-Current	<u>521,600</u>	<u>21,600</u>	<u>83,645,920</u>	<u>3,196,879</u>		

NOTES TO THE FINANCIAL STATEMENT

9. OTHER INVESTMENTS (Contd....)

9.1.1 Quoted Investment in Equity Securities

	No. of Shares		Carrying Value	Market Value	Carrying Value	Market Value
	2012	2011	2012	2012	2011	2011
			Rs.	Rs.	Rs.	Rs.
Royal Ceramics Lanka PLC	521,600	21,600	83,645,920	59,984,000	3,196,879	3,391,200
Total Quoted Investments in Equity Securities - Non-Current	<u>521,600</u>	<u>21,600</u>	<u>83,645,920</u>	<u>59,984,000</u>	<u>3,196,879</u>	<u>3,391,200</u>

9.2 Current

	Group/Company					
	No. of Shares		Carrying Value	Carrying Value		
	2012	2011	2012	2011		
			Rs.	Rs.		
Quoted Investment in Equity Securities (Note 9.2.1)			5,410,095	5,710,095	11,289,046	71,088,246
Non-Quoted Investment in Equity Securities (Note 9.2.2)			1	1	10	10
Total Carrying Value of Other Investments - Current			<u>5,410,096</u>	<u>5,710,096</u>	<u>11,289,056</u>	<u>71,088,256</u>

9.2.1 Quoted Investment in Equity Securities

	No. of Shares		Carrying Value	Market Value	Carrying Value	Market Value
	2012	2011	2012	2012	2011	2011
			Rs.	Rs.	Rs.	Rs.
The Fortress Resorts PLC	90,075	90,075	646,348	1,549,290	646,348	2,260,883
LB Finance PLC	20	300,020	3,029	2,698	45,437,898	52,533,502
Free Lanka Capital Holdings PLC	5,320,000	5,320,000	25,004,000	10,640,000	25,004,000	25,004,000
	5,410,095	5,710,095	25,653,377	12,191,988	71,088,246	79,798,385
Provision for fall in Value of Investments			(14,364,331)	-	-	-
Total Quoted Investments in Equity Securities - Current			<u>11,289,046</u>	<u>12,191,988</u>	<u>71,088,246</u>	<u>79,798,385</u>

9.2.2 Non-Quoted Investment in Equity Securities

	No. of Shares		Carrying Value	Directors' Valuation	Carrying Value	Directors' Valuation
	2012	2011	2012	2012	2011	2011
			Rs.	Rs.	Rs.	Rs.
La Forteresse (Private) Limited	1	1	10	10	10	10
Total Non-Quoted Investments in Equity Securities - Current	<u>1</u>	<u>1</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

NOTES TO THE FINANCIAL STATEMENT

9. OTHER INVESTMENTS (Contd....)

9.3 Short-Term Deposits	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Investments in Fixed Deposits	-	83,000,000	-	18,000,000
Investments in Call Deposits	-	41,894,300	-	41,894,300
	<u>-</u>	<u>124,894,300</u>	<u>-</u>	<u>59,894,300</u>

10. INVENTORIES

	Group	
	2012	2011
	Rs.	Rs.
Food and Beverages	8,812,250	9,377,159
Housekeeping and Maintenance	7,712,936	7,366,498
Printing and Stationery	1,469,131	1,450,159
Consumable and Other	2,113,022	2,041,459
	<u>20,107,339</u>	<u>20,235,275</u>

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Trade Debtors - Other	149,783,222	148,871,019	13,459,881	14,458,850
- Related Parties (Note 11.1)	1,354,452	-	163,987	-
Provision for Bad and Doubtful Debts	(18,937,466)	(20,160,968)	(13,459,881)	(13,459,881)
	<u>132,200,208</u>	<u>128,710,051</u>	<u>163,987</u>	<u>998,969</u>
Advances, Deposits and Prepayments	33,460,215	21,836,408	11,378,564	11,323,193
Provision for Bad and Doubtful Debts	(7,700,880)	(8,564,218)	(7,700,880)	(7,700,880)
Other Debtors	2,332,814	6,787,954	140,756	3,087,064
	<u>160,292,357</u>	<u>148,770,195</u>	<u>3,982,427</u>	<u>7,708,346</u>

11.1 Trade Debtors - Related Parties

	Relationship	2012	2011
		Rs.	Rs.
Hayleys Travels and Tours (Private) Limited	Affiliate Company	1,190,465	-
Hunas Falls Hotels PLC	Affiliate Company	163,987	-
		<u>1,354,452</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENT

12. AMOUNTS DUE FROM RELATED PARTIES

Relationship	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Connaissance Hotel Management (Private) Limited	-	-	1,593,187	1,593,187
CDC Conventions (Private) Limited	-	-	6,924,293	6,924,293
Connaissance Air Travels (Private) Limited	-	-	2,950,912	2,950,912
	<u>-</u>	<u>-</u>	<u>11,468,392</u>	<u>11,468,392</u>
Provision for Bad and Doubtful Receivables	-	(11,468,392)	-	(11,468,392)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The Beach Resorts Limited	-	-	1,398,977	1,293,593
Coral Rock Hotel (Private) Limited	1,653,993	-	1,653,993	-
Lake Lodge Resorts (Private) Limited	294,157	-	-	-
	<u>1,948,150</u>	<u>-</u>	<u>3,052,970</u>	<u>1,293,593</u>

13. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of Cash and Cash Equivalents	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Favorable Cash and Cash Equivalent Balances				
Cash and Bank Balances	45,701,912	16,678,937	2,978,958	360,390
Short Term Deposits (Note 9.3)	-	124,894,300	-	59,894,300
	<u>45,701,912</u>	<u>141,573,237</u>	<u>2,978,958</u>	<u>619,584</u>
Unfavorable Cash and Cash Equivalent Balances				
Bank Overdraft	(28,672,056)	(24,506,355)	(537)	(2,695,266)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	<u>17,029,856</u>	<u>117,066,882</u>	<u>2,978,421</u>	<u>57,559,424</u>

14. STATED CAPITAL

	Group / Company			
	2012		2011	
	Number	Rs.	Number	Rs.
Fully paid Ordinary Shares (Note 14.1)	48,034,238	526,770,320	48,034,238	526,770,320
	<u>48,034,238</u>	<u>526,770,320</u>	<u>48,034,238</u>	<u>526,770,320</u>
14.1 Fully Paid Ordinary Shares				
Balance at beginning of the year	48,034,238	526,770,320	42,029,959	466,727,530
Capitalization of Reserves	-	-	6,004,279	60,042,790
Balance at end of the year	<u>48,034,238</u>	<u>526,770,320</u>	<u>48,034,238</u>	<u>526,770,320</u>

NOTES TO THE FINANCIAL STATEMENT

15. CAPITAL RESERVES	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Revaluation Reserve (Note 15.1)	1,089,627,523	674,639,534	56,306	-
Capital Redemption Reserve Fund (Note 15.2)	-	-	-	-
	<u>1,089,627,523</u>	<u>674,639,534</u>	<u>56,306</u>	<u>-</u>
15.1 Revaluation Reserve				
On Property, Plant and Equipment				
As at 01 April	674,639,534	736,959,074	-	5,472,805
Disposal of Subsidiary	-	(55,891,057)	-	-
Capitalization of Reserves	-	(5,472,805)	-	(5,472,805)
Transfer of Surplus on Revaluation of Derecognized Property, Plant and Equipment	-	(955,678)	-	-
Surplus on Revaluation of Property, Plant and Equipment	419,769,107	-	56,306	-
Effect of Deferred Tax on Revaluation Surplus	(4,781,118)	-	-	-
As at 31 March	<u>1,089,627,523</u>	<u>674,639,534</u>	<u>56,306</u>	<u>-</u>

The above revaluation surplus consist of net surplus resulting from the revaluation of Property, Plant and Equipment. The unrealised amounts cannot be distributed to shareholders.

15.2 Capital Redemption Reserve Fund	2012	2011	2012	2011
As at 01 April	-	31,843,625	-	31,843,625
Capitalization of Reserves	-	(31,843,625)	-	(31,843,625)
As at 31 March	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENT

16. INTEREST BEARING LOANS AND BORROWINGS	2012	2012	2012	2011	2011	2011
	Amount Repayable	Amount Repayable	Total	Amount Repayable	Amount Repayable	Total
16.1 Group	Within 1 Year	After 1 Year		Within 1 Year	After 1 Year	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank Loans (Note 16.1.1)	12,704,307	38,931,629	51,635,936	6,698,652	19,124,172	25,822,824
Finance Leases (Note 16.1.2)	8,245,956	32,959,040	41,204,996	4,841,445	3,279,633	8,121,078
Loans from Director's (Note 16.1.3)	1,414,127	-	1,414,127	4,414,127	-	4,414,127
Bank Overdrafts (Note 13)	28,672,056	-	28,672,056	24,506,355	-	24,506,355
	<u>51,036,446</u>	<u>71,890,669</u>	<u>122,927,115</u>	<u>40,460,579</u>	<u>22,403,805</u>	<u>62,864,384</u>

16.1.1 Bank Loans	Balance As at 01.04.2011	Loans Obtained	Repayments	Balance As at 31.03.2012	Terms of Repayment
	Rs.	Rs.	Rs.	Rs.	
National Development Bank PLC	25,822,824	33,130,700	(7,317,588)	51,635,936	48 monthly equal installments
	<u>25,822,824</u>	<u>33,130,700</u>	<u>(7,317,588)</u>	<u>51,635,936</u>	

16.1.2 Finance Leases	Balance As at 01.04.2011	New Leases Obtained	Repayments	Balance As at 31.03.2012
	Rs.	Rs.	Rs.	Rs.
LB Finance PLC	3,147,295	-	(3,147,295)	-
Union Bank of Colombo PLC	1,353,642	-	(773,527)	580,115
Pan Asia Banking Corporation PLC	4,879,518	54,556,669	(6,821,628)	52,614,559
Merchant Bank of Sri Lanka PLC	596,083	-	(596,083)	-
Gross Liability	9,976,538	54,556,669	(11,338,533)	53,194,674
Finance Charges allocated to Future Periods	(1,855,460)	(13,055,062)	2,920,844	(11,989,678)
Net Liability	<u>8,121,078</u>	<u>41,501,607</u>	<u>(8,417,689)</u>	<u>41,204,996</u>

16.1.3 Loans from Director's	Balance As at 01.04.2011	Loans Obtained	Transfer	Balance As at 31.03.2012
	Rs.	Rs.	Rs.	Rs.
Mr. K.D.D. Perera	4,414,127	-	(3,000,000)	1,414,127
	<u>4,414,127</u>	<u>-</u>	<u>(3,000,000)</u>	<u>1,414,127</u>

The Company has obtained above loan from Mr. K.D.D. Perera, Director of the Group, at AWPLR+2% interest per annum.

NOTES TO THE FINANCIAL STATEMENT

16. INTEREST BEARING LOANS AND BORROWINGS (Contd...)

16.2 Company	2012	2012	2012	2011	2011	2011
	Amount	Amount	Total	Amount	Amount	Total
	Repayable	Repayable		Repayable	Repayable	
	Within	After		Within	After	
	1 Year	1 Year		1 Year	1 Year	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Finance Lease (Note 16.2.1)	2,338,759	11,004,619	13,343,378	1,667,318	-	1,667,318
Loans from Director's (Note 16.2.2)	1,414,127	-	1,414,127	4,414,127	-	4,414,127
Bank Overdrafts (Note 13)	537	-	537	2,695,266	-	2,695,266
	<u>3,753,423</u>	<u>11,004,619</u>	<u>14,758,042</u>	<u>8,776,711</u>	<u>-</u>	<u>8,776,711</u>

16.2.1 Finance Leases

	Balance	New Leases	Repayments	Balance
	As at	Obtained		As at
	01.04.2011			31.03.2012
	Rs.	Rs.	Rs.	Rs.
LB Finance PLC	1,977,672	-	(1,977,672)	-
Pan Asia Banking Corporation PLC	-	18,629,940	(310,499)	18,319,441
Gross Liability	<u>1,977,672</u>	<u>18,629,940</u>	<u>(2,288,171)</u>	<u>18,319,441</u>
Finance Charges allocated to Future Periods	(310,354)	(5,129,940)	464,231	(4,976,063)
Net Liability	<u>1,667,318</u>	<u>13,500,000</u>	<u>(1,823,940)</u>	<u>13,343,378</u>

16.2.2 Loans from Director's

	Balance	Loans	Repayments	Balance
	As at	Obtained		As at
	01.04.2011			31.03.2012
	Rs.	Rs.	Rs.	Rs.
Mr. K.D.D. Perera	4,414,127	-	(3,000,000)	1,414,127
	<u>4,414,127</u>	<u>-</u>	<u>(3,000,000)</u>	<u>1,414,127</u>

The Company has obtained above loan from Mr.K.D.D. Perera, Director of the Group, at AWPLR+2% interest per annum.

NOTES TO THE FINANCIAL STATEMENT

17. Deferred Taxation

17.1 Group	Balance Sheet		Income Statement	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability				
Capital Allowances for Tax purpose	68,665,075	68,837,520	(172,445)	(39,955,374)
Effect of Deferred Tax on Revaluation Surplus	4,781,118	-	4,781,118	-
	<u>73,446,193</u>	<u>68,837,520</u>	<u>4,608,673</u>	<u>(39,955,374)</u>
Deferred Tax Assets				
Retirement Benefit Obligation	(717,319)	(573,716)	(143,603)	471,600
Trade and Other Receivables	(511,372)	-	(511,372)	-
Losses Available to Set-off against future Taxable Income	-	-	-	4,307,928
	<u>(1,228,691)</u>	<u>(573,716)</u>	<u>(654,975)</u>	<u>4,779,528</u>
Deferred Taxation Related to Disposal of Subsidiary			-	16,956,047
Deferred Taxation Directly Charge to Equity			(4,781,118)	-
Deferred Taxation Charge/(Reversal)			<u>(827,420)</u>	<u>(18,219,799)</u>
Net Deferred Tax Liability	<u>72,217,502</u>	<u>68,263,804</u>		

17.1.2 Kandyan Resorts (Private) Limited

As the Inland Revenue Act does not apply as stated in Note 3.4.8 of these Financial Statements, temporary differences do not exist during the tax exemption period. Therefore deferred tax does not apply.

17.2 Company

The Company has a carried forward tax loss amounting to Rs. 248,145,684/- (2011 - Rs. 277,010,026/-) that is available indefinitely for offset against future Statutory Income of the Company subject to limitation of 35% of Statutory Income in each year of assessment. A deferred tax asset amounting to Rs. 63,054,473/- (2011 - Rs. 78,156,847/-) has not been recognised in respect of this tax loss and other temporary differences which has resulted deferred tax assets as it is anticipated that the deferred tax asset will not realise in the foreseeable future.

18. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation - Gratuity				
Defined Benefit Obligation as at the beginning of the Year	16,802,027	17,723,230	5,120,794	3,857,093
Charge for the Year	2,119,219	2,246,312	405,862	612,988
Interest Cost	1,797,015	1,533,955	512,079	385,709
Actuarial (Gain)/Loss	2,430,234	(1,076,913)	1,172,600	265,004
Benefit Paid	(3,331,005)	(1,240,875)	(2,232,617)	-
Defined Benefit Obligation Related to Disposed Subsidiary	-	(2,383,682)	-	-
Defined Benefit Obligation as at the end of the Year	<u>19,817,490</u>	<u>16,802,027</u>	<u>4,978,718</u>	<u>5,120,794</u>

NOTES TO THE FINANCIAL STATEMENT

The defined benefit obligation of the Group is based on the Messers. Actuarial and Management (Private) Limited, actuaries. Appropriate and compatible assumptions were used in determining the cost of defined benefits.

The principle assumptions used were as follows:

	2012	2011
Discount Rate	11%	10%
Future Salary Increment Rate	10%	8%

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Trade Payables	19,914,504	20,051,764	375,294	1,215,766
Other Payable	22,996,288	24,890,827	-	-
Sundry Creditors including Accrued Expenses	90,792,049	84,810,426	23,798,584	29,831,837
	<u>133,702,841</u>	<u>129,753,017</u>	<u>24,173,878</u>	<u>31,047,603</u>

20. AMOUNTS DUE TO RELATED PARTIES

	Relationship	2012	2011	2012	2011
Hayleys PLC	Parent Company	4,543,106	-	4,543,106	-
Kandyan Resorts (Private) Limited	Subsidiary Company	-	-	31,038,771	42,249,028
Culture Club Resorts (Private) Limited	Subsidiary Company	-	-	310,853,972	274,793,684
Royal Ceramics Lanka PLC	Affiliate Company	-	2,606,781	-	2,606,781
Langdale Resort and Spa (Private) Limited	Affiliate Company	629,449	-	-	-
		<u>5,172,555</u>	<u>2,606,781</u>	<u>346,435,849</u>	<u>319,649,493</u>

21. REVENUE

Gross Revenue (Note 21.1)	940,572,949	757,068,187	70,260,620	4,826,049
Value Added Tax	(100,775,673)	(81,114,449)	(7,527,924)	(517,077)
Turnover Tax	(368,816)	(1,157,812)	-	-
Tourism Development Levy	(9,063,022)	(7,087,001)	-	-
	<u>830,365,438</u>	<u>667,708,925</u>	<u>62,732,696</u>	<u>4,308,972</u>

21.1 Gross Revenue

Management Fee	5,167,478	2,138,049	7,855,478	4,826,049
Commission Income	4,776,658	-	62,405,142	-
Apartment Revenue	580,901,819	472,146,544	-	-
Restaurant Sales	253,943,819	226,759,222	-	-
Bar Sales	60,862,792	55,656,904	-	-
Banquet Sales	34,920,383	367,468	-	-
	<u>940,572,949</u>	<u>757,068,187</u>	<u>70,260,620</u>	<u>4,826,049</u>

NOTES TO THE FINANCIAL STATEMENT

22. OTHER INCOME AND GAINS

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
22.1 Other Income				
Profit on Disposal of Other Investments	13,408,977	59,661,970	13,408,977	59,661,970
Rent Income	4,838,797	4,564,277	-	-
Commission Income	126,457	2,448	126,457	2,448
Health Income	17,717,875	17,857,813	-	-
Sundry Income	13,823,045	11,234,758	-	-
Gain on Retirement of Property, Plant and Equipments	582,693	-	-	-
Profit on Disposal of Property, Plant and Equipment	12,500,000	4,847,524	-	3,683,928
Creditors written back	3,895,508	6,300,134	719,001	3,490,724
Dividend Income	1,586,463	45	211,846,009	148,921,880
	<u>68,479,815</u>	<u>104,468,969</u>	<u>226,100,444</u>	<u>215,760,950</u>

22.2 Profit on Disposal of Subsidiary

Citrus Leisure PLC	-	203,720,638	-	222,172,409
	<u>-</u>	<u>203,720,638</u>	<u>-</u>	<u>222,172,409</u>

23. FINANCE COSTS AND INCOME

23.1 Finance Cost

Interest Expenses on Bank Overdrafts	233,426	2,366,664	138,474	2,155,515
Interest Expenses on Finance Leases	2,911,072	2,482,366	464,230	770,716
Interest Expenses on Bank Loans	3,141,942	2,423,586	-	-
Interest Expenses on Director's Loans	422,312	217,622	422,312	217,622
	<u>6,708,752</u>	<u>7,490,238</u>	<u>1,025,016</u>	<u>3,143,853</u>

23.2 Finance Income

Interest Income	8,325,372	24,816,347	4,910,400	22,376,532
	<u>8,325,372</u>	<u>24,816,347</u>	<u>4,910,400</u>	<u>22,376,532</u>

NOTES TO THE FINANCIAL STATEMENT

24. PROFIT BEFORE TAX	Group		Company	
	2012	2011	2012	2011
Stated After Charging	Rs.	Rs.	Rs.	Rs.
Included in Cost of Sales				
Employees Benefits including the following:	37,835,516	33,739,646	-	-
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	2,168,153	859,644	-	-
- Defined Contribution Plan Costs - EPF and ETF (included in Employee Benefits)	3,704,674	3,404,769	-	-
Included in General and Administration Expenses				
Employees Benefits including the following	83,834,976	67,175,641	15,709,461	2,386,721
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	7,178,315	1,972,420	5,090,541	252,740
- Defined Contribution Plan Costs - EPF and ETF (included in Employee Benefits)	6,905,586	6,312,980	2,109,137	411,684
Depreciation	75,800,812	69,520,271	7,142,918	1,477,844
Amortization of Prepaid Operating Lease	248,689	248,689	-	-
Director's Emoluments	17,950,059	14,618,136	17,950,059	3,712,985
Auditor's Remuneration	1,016,060	1,143,350	273,900	195,800
Legal Fees	294,255	31,645	-	-
Charity and Donation	126,297	85,165	-	-
Provision for Intercompany Receivables	-	-	-	11,468,397
Impairment on Revaluation of Property, Plant and Equipment	149,908	-	149,908	-
Workman Compensation	759,000	-	759,000	-
Provision for Fall in Value of Investments	14,364,331	-	14,364,331	-
Unrecovered Income Tax Written-off	481,988	-	54,880	-
Other Debtors Written-off	646,851	2,508,592	646,851	1,824,633
Included in Selling and Marketing Expenses				
Advertising Expenses	1,083,554	741,194	-	-
Bad Debts	1,311,043	-	-	-
Provision for Bad and Doubtful Debts	2,054,296	465,080	-	-

NOTES TO THE FINANCIAL STATEMENT

25. INCOME TAX EXPENSE	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
The major components of income tax expense for the years ended 31 March are as follows :				
Income Statement				
Current Income Tax				
Current Income Tax Charge (Note 25.1)	18,367,731	21,314,718	893,693	5,167,021
Under/(Over) Provision of Current Taxes in respect of Prior Years	(1,784,580)	2,000,092	-	(524)
Dividend Tax	196,553	-	-	-
	<u>16,779,704</u>	<u>23,314,810</u>	<u>893,693</u>	<u>5,166,497</u>
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (Note 17)	(827,420)	(18,219,799)	-	-
Income Tax Expense Reported in the Income Statement	<u>15,952,284</u>	<u>5,095,011</u>	<u>893,693</u>	<u>5,166,497</u>
25.1 A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:				
Accounting Profit before Income Tax	312,017,263	472,523,437	191,266,754	434,278,814
Disallowed Items	291,073,210	53,927,520	33,502,162	7,456,219
Allowed Items	(465,446,142)	(439,241,607)	(228,188,272)	(457,132,999)
Interest Income	(8,325,372)	(24,816,347)	(4,910,400)	(22,376,532)
Rental Income	-	(150,000)	-	-
Tax Losses Related to Group Companies	8,329,756	37,774,498	-	-
Taxable Profit/(Loss) from Business	<u>137,648,715</u>	<u>100,017,501</u>	<u>(8,329,756)</u>	<u>(37,774,498)</u>
Other Sources of Income				
Interest Income	8,325,372	24,816,347	4,910,400	22,376,532
Rental Income	-	150,000	-	-
Taxable Other Income	<u>8,325,372</u>	<u>24,966,347</u>	<u>4,910,400</u>	<u>22,376,532</u>
Tax Losses Brought Forward and Utilised	(1,718,640)	(7,831,786)	(1,718,640)	(7,831,786)
Total Taxable Income	<u>6,606,732</u>	<u>17,134,561</u>	<u>3,191,760</u>	<u>14,544,746</u>
Income Tax @ 12% (2011 - 15%)	16,517,846	15,002,625	-	-
Income Tax @ 28% (2011 - 35%)	1,849,885	5,997,097	893,693	5,090,661
SRL @ - (2011 - 1.5%)	-	314,996	-	76,360
Current Income Tax Charge	<u>18,367,731</u>	<u>21,314,718</u>	<u>893,693</u>	<u>5,167,021</u>

NOTES TO THE FINANCIAL STATEMENT

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Tax Losses				
Tax Losses Brought Forward	290,539,760	288,196,623	277,010,026	245,947,369
Tax Losses Utilised during the Year	(1,718,640)	(7,831,786)	(1,718,640)	(7,831,786)
Adjustments on Finalization of Liability	(35,649,735)	1,119,945	(35,475,458)	1,119,945
Tax Losses Related to Disposal of Subsidiary	-	(28,719,520)	-	-
Loss incurred during the Year	8,329,756	37,774,498	8,329,756	37,774,498
Tax Losses Carried Forward	261,501,141	290,539,760	248,145,684	277,010,026

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations.

26.1 Amount Used as the Numerator

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Profit for the Year	296,064,979	467,428,426	190,373,061	429,112,317
(Profit)/Loss attributable to Minority Shareholders	19,427	2,288,074	-	-
Profit Attributable to Ordinary Shareholders of Parent Company for			-	-
Basic Earnings Per Share	<u>296,084,406</u>	<u>469,716,500</u>	<u>190,373,061</u>	<u>429,112,317</u>

26.2 Number of Ordinary Shares Used as Denominator:

Weighted Average Number of Ordinary Shares in issue applicable to

Basic Earnings Per Share	<u>48,034,238</u>	<u>48,034,238</u>	<u>48,034,238</u>	<u>48,034,238</u>
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27. DIVIDENDS PAID

27.1 Declared and Paid during the Year

Equity Dividends on Ordinary Shares:

Final Dividend for the Year ended 31 March 2012

Rs. 4.00 per share (2011 : Rs. 6.00 per Share)	<u>192,136,952</u>	<u>288,205,428</u>	<u>192,136,952</u>	<u>288,205,428</u>
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NOTES TO THE FINANCIAL STATEMENT

28. COMMITMENTS AND CONTINGENCIES

28.1 Capital Expenditure Commitments

Culture Club Resorts (Private) Limited

Future capital expenditure approved by the Board but, not provided for in the Financial Statements amounting to Rs. 473 Mn (2011 - Rs. 91.64 Mn).

Kandyan Resorts (Private) Limited

Future capital expenditure approved by the Board but, not provided for in the Financial Statements amounting to Rs. 50 Mn (2011 - Rs. 290 Mn).

28.2 Operating Lease Commitments

Kandyan Resorts (Private) Limited

Kandyan Resorts (Private) Limited has renewed the operating lease agreement with Mr. Johan Nihal Senarathna, with effect from 01.08.2011 for the land on which the hotel car park is situated. Future minimum lease rentals under non-cancellable operating lease as at 31 March are as follows:

	2012 Rs.	2011 Rs.
Not later than one Year	1,940,000	433,332
Later than one Year and not later than 05 Years	10,236,589	-
	<u>12,176,589</u>	<u>433,332</u>

28.3 Contingent Liabilities

Amaya Leisure PLC has given a corporate guarantees to National Development Bank PLC on behalf of Kandyan Resorts (Private) Limited for the term loan facility of Rs. 25 Mn.

Amaya Leisure PLC has given a corporate guarantees to National Development Bank PLC on behalf of Culture Club Resorts (Private) Limited for the term loan facility of Rs. 25 Mn.

NOTES TO THE FINANCIAL STATEMENT

29. ASSETS PLEDGED

The following assets have been pledged as securities as at Balance Sheet date.

Nature of Assets Pledged	Nature of Liability	Carrying Amount of Assets Pledged		Included Under
		2012	2011	
		Rs.	Rs.	
Freehold Land and Buildings belongs to Kandyan Resorts (Private) Limited	Rs.25 Mn loan facility from National Development Bank PLC to Kandyan Resorts (Private) Limited	1,013,778,957	593,425,935	Property, Plant and Equipments
	Rs.25 Mn loan facility from National Development Bank PLC to Culture Club Resorts (Private) Limited	1,013,778,957	593,425,935	Property, Plant and Equipments
Generator belongs to Culture Club Resorts (Private) Limited	Rs.10 Mn loan facility from National Development Bank PLC to Culture Club Resorts (Private) Limited	9,925,300	-	Property, Plant and Equipments

NOTES TO THE FINANCIAL STATEMENT

30. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

30.1 Transaction with the Related Entities	Parent Company		Subsidiary Companies		Other Companies		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Nature of Transaction								
As at 1 April	-	-	(315,749,119)	(373,239,169)	(2,606,781)	(3,020,104)	(318,355,900)	(376,259,273)
Rendering/Obtaining Services	(10,014,009)	-	1,836,590	1,535,425	-	(808,249)	(8,177,419)	727,176
Management Fees	-	-	2,742,857	2,688,000	5,272,944	-	8,015,801	2,688,000
Commission Income	-	-	58,804,576	-	4,874,143	-	63,678,719	-
Expenses incurred by the Company on behalf of Others	-	-	-	49,611,381	1,801,436	-	1,801,436	49,611,381
Dividend	-	-	210,259,551	148,921,835	-	-	210,259,551	148,921,835
Settlement of Liabilities on behalf of the Company	-	-	(15,082,995)	(6,015,504)	-	-	(15,082,995)	(6,015,504)
Settlement of Liabilities by the Company on behalf of Others	-	-	41,454,661	3,585,994	350,136	-	41,804,797	3,585,994
Collections made by the Company on behalf of the Others	-	-	(5,549,887)	(3,541,578)	(4,173,847)	-	(9,723,734)	(3,541,578)
Fund Transfers	-	-	(319,210,000)	(129,060,558)	-	2,165,479	(319,210,000)	(126,895,079)
Payment Made	5,470,903	-	-	-	2,606,781	-	8,077,684	-
Provision Made	-	-	-	(11,468,397)	-	-	-	(11,468,397)
Receipt for Services	-	-	-	-	(6,642,124)	-	(6,642,124)	-
Transferred to Subsidiaries	-	-	-	943,907	-	(943,907)	-	-
Transferred to Other Receivables	-	-	-	289,545	-	-	-	289,545
As at 31 March	(4,543,106)	-	(340,493,766)	(315,749,119)	1,482,688	(2,606,781)	(343,554,184)	(318,355,900)
Included in								
Amounts due from Related Parties	-	-	1,398,977	1,293,593	2,112,137	-	3,511,114	1,293,593
Amounts due to Related Parties	(4,543,106)	-	(341,892,743)	(317,042,712)	(629,449)	(2,606,781)	(347,065,298)	(319,649,493)
	(4,543,106)	-	(340,493,766)	(315,749,119)	1,482,688	(2,606,781)	(343,554,184)	(318,355,900)

Parent: Hayleys PLC

Subsidiaries:

Culture Club Resorts (Private) Limited, Kandyan Resorts (Private) Limited, The Beach Resorts Limited, CDC Conventions (Private) Limited, Connaissance Air Travels (Private) Limited and Connaissance Hotel Management (Private) Limited

Other Companies:

Hunas Falls Hotels PLC, Coral Rock Hotel (Private) Limited, Royal Ceramics Lanka PLC and Langdale Resort and Spa (Private) Limited

NOTES TO THE FINANCIAL STATEMENT

30.2 Transactions with Key Management Personnel of the Company

The Key Management Personnel of the Company are the members of its Board of Directors and that of its parent.

a) Key Management Personnel Compensation		2012	2011
		Rs.	Rs.
Short-term Employee Benefits	- Executive	17,950,059	14,618,136
	- Non-Executive	-	413,436
Post-employment Benefits	- Executive	2,071,617	4,123,443
		<u>20,021,676</u>	<u>21,851,804</u>

b) Other Transactions with Key Management Personnel	Capital		Interest	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Loans from Director's				
Mr. K.D.D. Perera	1,414,127	4,414,127	2,865,739	2,443,427
	<u>1,414,127</u>	<u>4,414,127</u>	<u>2,865,739</u>	<u>2,443,427</u>

The Company has obtained above loan from Mr. K.D.D. Perera, Director of the Company, at AWPLR+2% interest per annum.

c) Other Transactions

No material transactions have taken place during the year with the Key Management Personnel of the Company, which required to disclosure in these Financial Statements other than those disclosed above.

NOTES TO THE FINANCIAL STATEMENT

30.3 Other Related Parties Disclosures

Transactions with the parties/entities in which Key Management Personnel or their Close Family Members have control, joint control or significant influence.

Related Party	Description	2012	2011
		Rs.	Rs.
Hayleys Travels and Tours (Private) Limited	Sales	1,879,896	-
	Funds Received	(689,431)	-
	Balance Receivable as at 31 March	1,190,465	-
LB Finance PLC	Lease Rental Paid	1,977,672	1,977,672
	Lease Payables as at 31 March	-	1,977,672
Pan Asia Banking Corporation PLC	Lease Rental Paid	310,499	-
	Lease Payables as at 31 March	18,319,441	-
Pan Asia Banking Corporation PLC	Bank Overdraft as at 31 March	-	2,695,266

31. EVENT OCCURRING AFTER THE BALANCE SHEET DATE

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

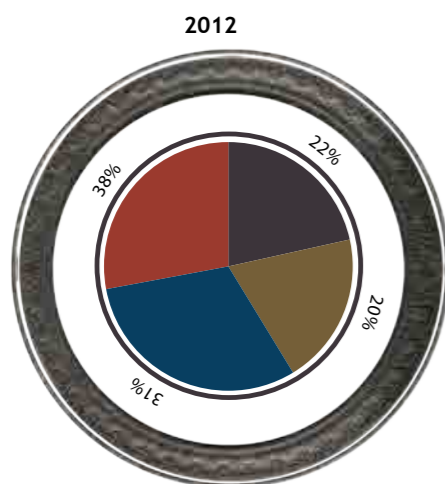
Stone Pillars exposed to the air, heat & wind for hundreds of years yet survive with undamaged carvings. These stone pillars last for long periods of time.



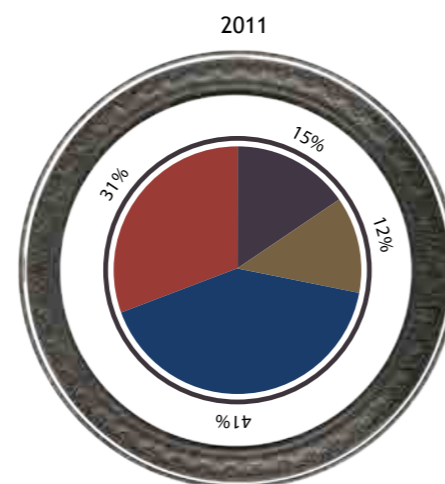
STATEMENT OF VALUE ADDED

Group Value Added Statement

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Turnover	940,572,949	757,068,187	70,260,620	4,826,049
Other Income	76,805,187	333,005,954	231,010,844	460,309,891
	<u>1,017,378,136</u>	<u>1,090,074,141</u>	<u>301,271,464</u>	<u>465,135,940</u>
Less: Cost of Material & Services bought in	<u>(373,782,247)</u>	<u>(328,249,389)</u>	<u>(61,408,332)</u>	<u>(19,618,646)</u>
	<u>643,595,889</u>	<u>761,824,752</u>	<u>239,863,132</u>	<u>445,517,294</u>
Value Allocated to Employees				
Salaries & Wages and other benefits	138,861,551	116,651,003	32,900,520	6,099,706
To Government				
GST, NSL, VAT & TT & Income Tax	126,159,795	118,663,649	8,421,617	5,683,574
To Providers of Capital				
Minority Interest	(19,427)	94,454,273	-	-
Loan Interest & Dividend	198,845,704	(2,288,074)	193,161,968	291,349,281
Capitalization of Reserve	-	295,695,666	-	22,726,360
		22,726,360		
To Expansion & Growth				
Depreciation & Retained in Business	179,748,266	234,585,524	5,379,027	119,658,373
	<u>643,595,889</u>	<u>761,824,752</u>	<u>239,863,132</u>	<u>445,517,294</u>



Value allocated to Employees
 To Providers of Capital
 To Government
 To Expansion & Growth



SHARE AND INVESTOR INFORMATION

Shareholders

There were 1,659 registered shareholders as at 31st March 2012, distributed as follows:

SHAREHOLDERS CATEGORISED SUMMARY REPORT				
Number of Shares held				
	No. of Shareholders	% of No. of Shareholders	No. of Shares	% of Total Holding
1 - 1,000	1,366	82.34	267,689	0.56
1,001 - 10,000	222	13.38	652,045	1.36
10,001 - 100,000	51	3.07	1,393,541	2.90
100,001 - 1,000,000	12	0.72	5,073,266	10.56
1000,001 & over	8	0.49	40,647,697	84.62
Total	1,659	100	48,034,238	100

ANALYSIS REPORT				
Shareholders Category				
	No. of Shareholders	% of No. of Shareholders	Total Holdings	% of Total Holding
Individual	1,571	94.70	5,670,685	11.81
Institutions	88	5.30	42,363,553	88.19
Total	1,659	100	48,034,238	100

Shareholders Category				
	No. of Shareholders	% of No. of Shareholders	Total Holdings	% of Total Holding
Residents	1,641	98.92	47,925,761	99.77
Non-Residents	18	1.08	108,477	0.23
Total	1,659	100	48,034,238	100

MAJOR SHARE HOLDERS

Major Shareholders of the Company as at 31 March 2012

NAME OF SHAREHOLDER	2012	%	2011	%
1. Hayleys PLC	19,366,234	40.31	-	-
2. Dean Foster (Pvt) Ltd	10,252,300	21.34	-	-
3. Employees Provident Fund	4,274,969	8.90	4,030,314	8.39
4. WaldockMackenzie Limited / Mr. L.T. Samarawickrama	3,973,477	8.27	3,973,477	8.27
HSBC - Mr. L.T. Samarawickrama	429,740	0.89	429,740	0.89
Mr. L.T. Samarawickrama	60,000	0.12	60,000	0.12
5. Mr. C.J. Wickramasinghe	2,282,817	4.75	2,282,817	4.75
6. Mr. S. Senaratne	1,142,894	2.38	1,142,894	2.38
7. Mercantile Investments and Finance PLC	860,000	1.79	2,245,088	4.67
8. Toyo Cushion Lanka (Pvt) Ltd	816,400	1.70	-	-
9. Volanka Exports Ltd	642,900	1.34	-	-
10. Mr. K. D. D. Perera	447,661	0.93	24,945,122	51.93
11. Elles (Pvt) Ltd	439,272	0.91	439,272	0.91
12. Associated Electrical Corporation Ltd	226,700	0.47	226,700	0.47
13. Bank of Ceylon/Ceybank Century Growth Fund	170,572	0.35	1,075,872	2.24
14. Bank of Ceylon/Ceybank unit Trust	147,427	0.31	4,022,827	8.37
15. Mr. D. L. A. Ondaatjee	145,600	0.30	145,600	0.30
16. Bank of Ceylon A C No. 01	102,000	0.21	102,000	0.21
17. Mr. B M Amarasekera & Mr. S. H. Amarasekera	84,890	0.17	84,890	0.17
18. DFCC Varadhana Bank Ltd/Mr. B. A. D. H. C. Mahipala	80,000	0.17	80,000	0.17
19. Mr. H.W. M. Woodward	76,028	0.16	76,028	0.16
20. Employees Trust Fund Board	75,635	0.16	-	-

The percentage of shares held by public as at 31 March, 2012 was 17.77%

High Rs.125.00

Low Rs.66.90

Closing Rs.76.70

GLOSSARY OF FINANCIAL TERMS

GLOSSARY OF FINANCIAL TERMS

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Accrual Basis

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Capital Employed

Share holders' funds plus minority interest and debt.

Contingent Liabilities

Conditions or situations at the balance sheet date, the financial effect of which are to be determined by the future events which may or may not occur.

Current Ratio

Current assets divided by current liabilities.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Capital Expenditure

The total additions to property, plant and equipment.

Debt/Equity Ratio

Debt as a percentage of shareholders' funds and minority interest.

Deferred Tax

Sum set aside in the financial statements for taxation that may become payable in a financial year other than the current financial year.

Earnings per Share (EPS)

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

EBIT

Earnings before interest and tax (includes other operating income).

EBITDA

Earnings before interest, tax, depreciation and amortization

EPS Growth

Percentage of the increase in the EPS over the previous year.

Equity Method

The equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the postacquisition changes in the investors' share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

Fair Value

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Interest Cover

Consolidated profit before interest and tax over finance expenses.

Minority Interest

Part of net results of operations and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly through subsidiaries, by the Parent Company.

Market Value per Share

The price at which an ordinary share can be purchased in the stock market.

Market Capitalisation

Number of shares in issue at the end of period multiplied by the market price at end of period.

Net Assets

Total assets minus current liabilities minus long term liabilities minus minority interest. Net assets per share Shareholders' funds divided by the weighted average number of Ordinary Shares in shares. Pre-Tax Return on capital employed Consolidated profit before interest and tax as a percentage of average capital employed at year end.

Net Assets per Share

Net Assets over weighted average number of Ordinary Shares in issue during the period.

GLOSSARY OF FINANCIAL TERMS

Return on Capital Employed

Consolidated Profit before Interest and Tax as a percentage of average Capital employed at year end.

Price Earnings Ratio

Market price per share over Earnings per Share.

Return on Equity

Profit attributable to shareholders as a percentage of average shareholders' funds.

Segment

Constituent business units grouped in terms of similarity in operations and locations.

Shareholders' Funds

Shareholders' funds consist of stated capital plus capital and revenue reserves.

Total Debt

Long term loans plus short term loans and overdrafts.

Total Value Added

The difference between net revenue (including other income) and expenses, cost of materials & services purchased from external sources.

FIVE YEAR SUMMARY

A strong foundation is a must for a mammoth task and the elephant carved out of solid rock symbolized this. Likewise Amaya has built upon a strong foundation to carve a niche in the leisure industry.

Year ended 31 March 2012		2012	2011	2010	2009	2008
Operating Results						
Group Turnover	Rs. 000s	940,573	757,068	570,189	391,980	360,136
Profit before Taxation	Rs. 000s	312,017	472,523	71,087	(34,045)	(27,381)
Taxation	Rs. 000s	(15,952)	(5,095)	(1,171)	(2,433)	(3,059)
Profit after Taxation	Rs. 000s	296,065	467,428	69,916	(36,477)	(30,440)
Balance Sheet						
Share Capital	Rs. 000s	526,770	526,770	466,728	466,728	466,728
Capital Reserve	Rs. 000s	1,089,628	674,640	768,803	768,803	768,966
Revenue Reserves	Rs. 000s	496,285	392,337	176,706	107,387	173,943
Share Holders' Fund	Rs. 000s	2,112,683	1,593,747	1,412,236	1,342,917	1,409,636
Non-Current Assets	Rs. 000s	2,259,630	1,508,481	1,759,766	1,802,563	1,840,303
Current Assets	Rs. 000s	240,535	387,871	165,603	115,511	124,238
Current Liabilities (Net of Borrowings)	Rs. 000s	(145,447)	(143,231)	(109,817)	(113,006)	(123,384)
Borrowings	Rs. 000s	(122,927)	(62,864)	(148,553)	(206,812)	(163,338)
Provisions	Rs. 000s	(92,035)	(85,066)	(121,163)	(122,335)	(133,072)
Minority Interest	Rs. 000s	(27,073)	(11,443)	(133,599)	(133,003)	(135,111)
Net Assets	Rs. 000s	2,112,683	1,593,747	1,412,236	1,342,917	1,409,636
Key Indicators						
Earning/(Loss) per Share	Rs.	6.16	9.78	1.44	(1.39)	(0.91)
Market price per 31st March	Rs.	76.70	120.10	73.00	23.00	23.25
Highest Market Price	Rs.	125.00	140.00	79.00	27.00	33.75
Lowest Market Price	Rs.	66.90	89.00	19.50	15.00	18.25
Return on Equity	%	15.98	29.12	4.52	(4.66)	(2.86)
Return on Share Holders' Fund	%	15.98	29.47	4.91	(4.97)	(3.10)
Price Earning Ratio	No. of Times	12.45	12.28	50.58	-	-
Interest Cover	No. of Times	46.51	63.41	3.41	(1.45)	(2.90)
Gearing Ratio	%	5.82	3.94	10.52	15.40	11.59
Current Ratio	No. of Times	1.22	2.13	0.67	0.39	0.50
Liquidity Ratio	No. of Times	1.12	2.02	0.58	0.32	0.42
Net Assets Per Share	Rs.	43.98	33.18	29.40	27.95	29.34

NOTICE OF MEETING

FORM OF PROXY

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of Amaya Leisure PLC, will be held at No.400, Deans Road, Colombo 10, on Tuesday, 26th June 2012 at 10.00 a.m. and the business to be brought before the meeting will be:

AGENDA

- 1) To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2012.
- 2) To re-elect Mr. A.M. Pandithage, who has been appointed to the Board since the last Annual General Meeting, a Director.
- 3) To re-elect Ms. D.S.N. Weerasooriya, who has been appointed to the Board since the last Annual General Meeting, a Director.
- 4) To re-elect Ms. R.N. Ponnambalam, who has been appointed to the Board since the last Annual General Meeting, a Director.
- 5) To re-elect Mr. K.D.D. Perera, who retires by rotation at the Annual General Meeting, a Director.
- 6) To re-elect Mr. S. Senaratne, who retires by rotation at the Annual General Meeting, a Director.
- 7) To authorize the Directors to determine contributions to Charities for the Financial Year 2012/13.
- 8) To authorise the Directors to determine the remuneration of the Auditors, M/s Ernst & Young, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No. 7 of 2007.
- 9) To consider any other business of which due notice has been given.

Note :

- (1) A Shareholder is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a Proxy must be deposited at the Hayleys Group Services (Pvt) Ltd, Secretaries, No. 400, Deans Road, Colombo 10 by 10.00 a.m. on 24th June 2012.

By Order of the Board
AMAYA LEISURE PLC
Hayleys Group Services (Private) Limited
 Secretaries

Colombo
 16 May, 2012

I/We*
 ofbeing a shareholder/
 shareholders* of AMAYA LEISURE PLC hereby appoint,
 1).....
 ofor failing him/them,*

- 2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our* proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirtieth Annual General Meeting of the Company to be held on Tuesday, 26th June, 2012 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof:

	FOR	AGAINST
1. To consider and adopt the Annual Report of the Board and the Statements of Accounts For the year ended 31st March, 2012, with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. A.M. Pandithage, who has been appointed to the board since the last Annual General Meeting a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Ms. D.S.N. Weerasooriya, who has been appointed to the board since the last Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Ms. R.N. Ponnambalam, who has been appointed to the Board since the last Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. K.D.D. Perera, who retires by rotation at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Mr. S. Senaratne, who retires by rotation at the last Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to determine contributions to charities for the financial year 2012/13.	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Directors to determine the remuneration of the Auditors, Messrs Ernst & Young, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>

(**) The Proxy may vote as he thinks fit on any other resolution brought before the Meeting. As witness my/our* hands this day of2012.

Witnesses

.....
 Signature of Shareholder

- NOTE : * Please delete the inappropriate words.
1. A proxy need not be a member of the Company.
 2. Instructions as to completion appear on the reverse.

INSTRUCTION AS TO COMPLETION

Instructions as to Completion

1. To be valid, this Form of Proxy must be deposited at Hayleys Group Services (Pvt) Ltd, Secretaries, No.400, Deans Road, Colombo 10, by 10.00 a.m. on 24th June, 2012.
2. In perfecting the Form of Proxy, please ensure that all details are legible.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at 1 overleaf and initial against this entry.
4. Please indicate with an X in the space provided how your proxy is to vote on each resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit. Please also delete (**) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the Meeting.
5. In the case of a Company / Corporation, the proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.

CORPORATE INFORMATION

NAME OF COMPANY	Amaya Leisure PLC
COMPANY REGISTRATION NO.	PQ 145 (Former PVS 8053/PBS)
LEGAL FORM	Public Quoted Company with limited liability originally incorporated in Sri Lanka as a Private Company and later converted to a Public Company
REGISTERED OFFICE	Level 27, East Tower, World Trade Center, Echelon Square, Colombo 01 Telephone : +94 11 4767800 Fax : +94 11 4767867 E-Mail : sales@amayaresorts.com Website : www.amayaresorts.com
BOARD OF DIRECTORS	Mr. A. M. Pandithage (Chairman) Mr. C. J. Wickramasinghe (Deputy Chairman) Mr. L. T. Samarawickrama (Managing Director) Mr. K. D. D. Perera Mr. W. D. N. H. Perera Mr. S. Senaratne Mr. S. H. Amarasekera Mr. D. E. Silva Ms. D. S. N. Weerasooriya Ms. R. N. Ponnambalam
SUBSIDIARY COMPANIES	
Unquoted	Culture Club Resorts (Private) Limited Kandyan Resorts (Private) Limited Connaissance Air Travels (Private) Limited Connaissance Hotel Management (Private) Limited CDC Conventions (Private) Limited The Beach Resorts Limited
SECRETARIES	Hayleys Group Services (Private) Limited No: 400, Deans Road Colombo 10
AUDITORS	Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10
BANKERS	Hatton National Bank PLC National Development Bank PLC Pan Asia Banking Corporation PLC Commercial Bank of Ceylon PLC



Amaya Leisure PLC

Level 27, East Tower, World Trade Center,
Echelon Square, Colombo 01, Sri Lanka.