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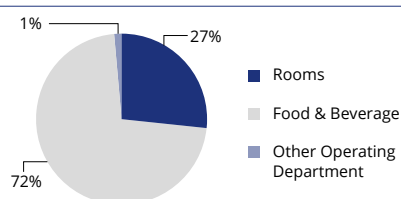
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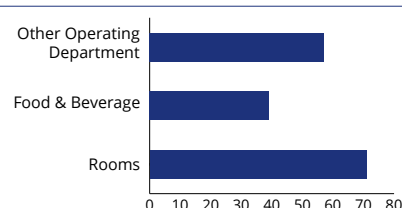
FINANCIAL HIGHLIGHTS

	2023	2022
Room Revenue LKR '000	1,137,293	666,637
F&B Revenue LKR'000	3,034,962	2,185,005
Other Revenue LKR '000	55,845	35,625
Total Revenue LKR '000	4,228,100	2,887,267
Gross Profit LKR '000	1,782,482	1,061,770
Gross Profit Margin %	42.16%	36.77%
Profit/(Loss)before Tax LKR'000	(784,367)	(632,764)
Profit After Tax LKR'000	(688,713)	(885,122)
Total Comprehensive Income for the Period LKR '000	(15,874)	(882,152)
Earning/(Loss) per share LKR	(0.01)	(0.43)
Average Room Rate LKR	31,496	29,776
Occupancy %	32.72%	19.45%
Long Term Interest Bearing Borrowings LKR'000	3,126,099	2,000,000
Short Term Debt	1,785,189	1,148,746
Total Equity LKR '000	12,266,891	12,282,767
Debt/Equity %	40.04%	25.64%
Total Assets LKR '000	20,566,958	17,229,775
Debt /Total Assets %	23.88%	18.28%
Current Assets LKR'000	1,092,826	1,438,197
Current Liabilities LKR'000	3,551,053	2,235,648
Current Ratio (times)	0.30	0.64
Quick Assets Ratio (times)	0.27	0.58

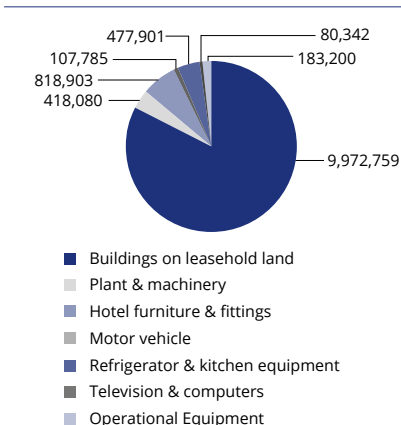
Revenue Composition 2023



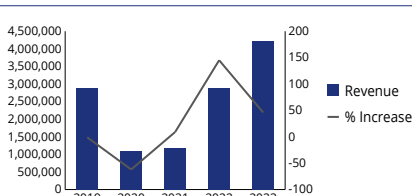
YoY growth of key income categories



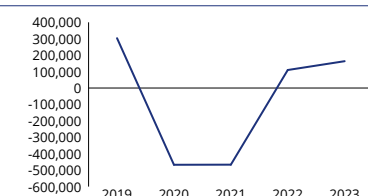
Composition of PPE (Carrying Value)



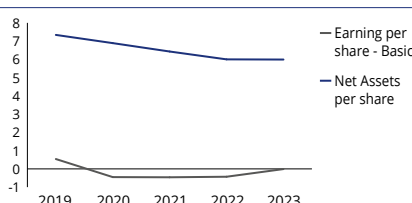
5 year Revenue Trend



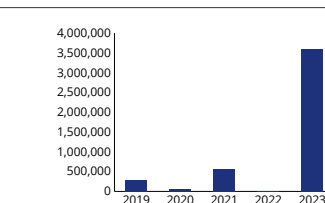
Operating Profit



EPS & NA PER SHARE



PPE Addition



OPERATIONAL HIGHLIGHTS



Our Facilities

The main hotel property is on 4.5 acres land in prime location of Colombo

GUEST ROOMS
368

FOOD AND BEVERAGE OUTLETS
07

CONFERENCE & EVENTS SPACES
17

SPORT CENTER AND OTHER RECREATIONAL FACILITIES ON
1.87 acres land



Our Team

OUR TEAM
615 Employees (2022: 603)

TRAINING AND DEVELOPMENT HOURS
24,752 Annual Training Hours
(2022: 19,261)

PAYMENTS TO EMPLOYEES
Rs. 707 Mn (2022: Rs. 650 Mn)



Health and Safety Certificates

FOOD SAFETY MANAGEMENT SYSTEMS:

- ISO 22000: 2018 Food Safety Management Systems
- HACCP

SAFE & SECURE CERTIFICATION

By Sri Lanka Tourism Development Authority - 2023



Restaurant Descriptions



CAFÉ KAI

Indulge in coffee bliss and gourmet-on-the-go savory and sweet offerings



LAB

Indulge in a delightful high-tea experience, savor a tranquil cup of coffee, or unwind with handcrafted cocktails



An all-day-dining and international buffet restaurant



EMPEROR'S WOK

A signature Chinese restaurant with authentic flavors of Cantonese and Szechuan cuisine



STELLA KARAOKE BAR

A lively karaoke bar and relaxing lounge



SUNSETBLU

Colombo's premier day club, with culinary delights, handcrafted beverages, and captivating entertainment

OPERATIONAL HIGHLIGHTS



Awards & Accolades



Great Place to
Work Awards -
2023

SLIM KANTAR
Awards - 2023

Hilton Colombo Hotel ★★★★★

Fort, Colombo [Show on map](#) In city centre

Sustainability certification

Recommended for your group

5x **Superior King Room**
5 extra-large double beds
✓ Free cancellation
✓ No prepayment needed – pay at the property

Very good 8.2
553 reviews

1 night, 10 adults
LKR 207,666
+LKR 70,291 taxes and charges

[See availability](#)

Hilton Colombo
2 Sir Chittampalam A Gardiner
Mawatha Mawatha, Colombo,
Colombo 00200 Sri Lanka

Overview

Business info

Hilton Colombo
★★★★☆ 3,085
#23 of 140 in Colombo
Listing ID: 306379
[View your listing](#)

TRIPADVISOR – HILTON COLOMBO OUTLETS



Graze Kitchen

2, Sir Chittampalam A Gardiner Mawatha,
Colombo 200 Sri Lanka



Ratings and reviews

4.5 ●●●●● 1,115 reviews

#22 of 689 Restaurants in Colombo

Travelers' Choice 2023



L.A.B

Hilton Colombo 2 Sir Chittampalam a Gardiner MW,
Colombo 00200 Sri Lanka



Ratings and reviews

5.0 ●●●●● 180 reviews

#12 of 689 Restaurants in Colombo



Emperor's Wok

2, Sir Chittampalam A Gardiner Mawatha Mawatha,
Colombo, Colombo 00200 Sri Lanka



Ratings and reviews

4.5 ●●●●● 121 reviews

#32 of 689 Restaurants in Colombo



Stella Karaoke Lounge and Bar

2 Sir Chittampalam A Gardiner MW,
Colombo 00200 Sri Lanka



Ratings and reviews

4.5 ●●●●● 59 reviews

#4 of 18 Bars & Pubs in Colombo



Cafe Kai

2 Sir Chittampalam A Gardiner Mawatha The Hilton
Colombo, Colombo 00200 Sri Lanka



Ratings and reviews

4.5 ●●●●● 33 reviews

#142 of 689 Restaurants in Colombo



Sunsetblu

2 Sir Chittampalam A Gardiner Mawatha Colombo 2,
Colombo 00200 Sri Lanka



Ratings and reviews

5.0 ●●●●● 266 reviews

#6 of 689 Restaurants in Colombo

Travelers' Choice 2023

CHAIRMAN'S REVIEW



Dear Shareholder,

I am pleased to present to you the Annual Report and the Audited Financial Statements of your company for the period ending 31st December 2023. I pen this message with a sense of pride and gratitude for the journey we have traversed together at Hilton Colombo, amidst the turbulent economic landscape that characterized Sri Lanka's tourism industry over the past few years.

The year 2023 had an array of challenges, from geopolitical uncertainties to the ripples of the economic crisis. As you are well aware, the tourism sector, which serves as the lifeblood of our operations, faced significant headwinds.

Yet, in the face of adversity, I am delighted to report that Hilton Colombo has demonstrated resilience, adaptability, and unwavering commitment to our stakeholders. Prudent financial management and a sustainable approach to business helped build resilience.

RESILIENT PERFORMANCE

Our performance amidst these challenges is a testament to the dedication and perseverance of our exceptional team members. Despite the odds, our staff exhibited unparalleled professionalism, passion, and ingenuity, ensuring that our guests continued to receive world-class hospitality experiences. Their unwavering commitment to excellence has been instrumental in upholding our reputation as a beacon of hospitality in Sri Lanka. Our famed F&B offerings generated valuable revenue for the company.

I also extend my heartfelt gratitude to our loyal patrons whose unwavering support has been a source of inspiration and motivation for us. Your continued patronage during these trying times has not only sustained our operations but has also served as a beacon of hope, reaffirming the enduring strength of our brand and the bonds we share with our valued guests.

FUTURE OUTLOOK

Looking ahead, I am filled with optimism and confidence in the future of Hilton Colombo. As the global economy and the tourism industry in Sri Lanka has progressively recovering, we are poised to capitalize on emerging opportunities and reclaim our position as a premier destination for business and leisure travellers alike.

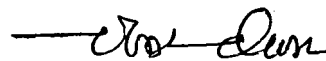
In line with our commitment to sustainability and innovation, we will continue to invest in our infrastructure, enhance our service offerings, and leverage technology to elevate the guest experience. Moreover, we remain steadfast in our dedication to supporting the communities in which we operate, fostering socio-economic development, and preserving our natural heritage.

As we embark on this journey forward, I invite you, our esteemed shareholder, to join us in our pursuit of excellence and growth. Your unwavering support and confidence in our vision are integral to our success, and we are committed to delivering sustainable value and returns on your investment.

As we embark on this journey forward, I invite you, our esteemed shareholder, to join us in our pursuit of excellence and growth. Your unwavering support and confidence in our vision are integral to our success, and we are committed to delivering sustainable value and returns on your investment.

APPRECIATION

I take this opportunity to thank Hon. Prasanna Ranathunga, Minister of Urban Development and Housing, Hon. Arundika Fernando, State Minister of Urban Development and Housing, my fellow directors, the senior management and the senior staff of Hilton Colombo for their unstinted support during yet another challenging year. I take this opportunity to thank the Management of Hilton International Management Corporation for their unwavering support as we look ahead to improved operating conditions amidst a resurgent tourism industry. This I also hope will further strengthen the long term relationship maintained with the operator Hilton Worldwide in moving towards stronger and greater business opportunities together. In closing, I extend my sincerest appreciation to each and every member of the Hilton Colombo family, our valued guests, and our esteemed shareholders. Together, we have weathered the storm, and together, we shall emerge stronger and more resilient than ever before.



Upul Dharmadasa
Chairman

30th April 2024

BOARD OF DIRECTORS



Left to right:

MR. R Sooriyaarachchige | DR. Amila Kankanamge | MR. P.H.P. Deniyaya
MR. Madawa Wattagama | MR. Upul Dharmadasa | MR. P.A.S.A. Kumara
MR. Keerti Weerasinghe | MS. D.S. Ameresekere | MR. P A Jayakantha | MR. Avinda Fernando



DIRECTORS PROFILES



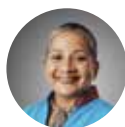
MR. UPUL DHARMADASA

Chairman

Apart from being appointed Chairman of Hotel Developers (Lanka) Ltd, Upul Dharmadasa is an aviation, hospitality and travel expert and the only Sri Lankan with an international booking engine based in the US - Utravel.com – currently operating in over 190 countries. He is also the Immediate Past Chairman of the Civil Aviation Authority of Sri Lanka from January 2021 to January 2023.

Reputed for his entrepreneurial spirit, his organization, U travels. com generated over USD 300 Mn in earnings for the national carrier, Sri Lankan Airlines. He received training at the American Airline Training School, DFW, Texas, USA, in travel related fields such as yield management, inventory control, international airline activities and has extensive knowledge of Sabre Airline Computer System.

He has an MBA from Teesside University, Middleborough, Tees Valley, UK; an Associate Member of a Degree in Arts in Food and Nutrition from Pasadena College, US; and completed the Hotel Management programme conducted by the Ceylon Hotel School in 1975. In the US, he also completed the Travel Management Programme from an Industry affluent Academy - The Institute Certified Travel Agents of Massachusetts and awarded a designation of CTC (Certified Travel Consultant).



MS. D.S. AMERSEKERE

Director

Ms. Amerasekere holds a Bachelor of Science in Business Administration (specializing in International Marketing) from the University in Washington DC - USA, and a Bachelor of Science in Travel Industry Management (specializing in Hotel Management) from the University of Hawaii, USA. Her professional work is as a Hotelier.

She is the Managing Director of the Award-Winning Boutique Hotel - The Theva Residency and Award-Winning Restaurant - The Theva Cuisine in Kandy, Sri Lanka. The Theva Residency and Theva Cuisine have won many International Awards consecutively for the 14 years of their operation. The most recent awards are "Travelers Choice Trip Advisor 2023", South Asian Travel Awards 2022– Leading Boutique Hotel, and Most Romantic Hotel. She is also working for the Geoffrey Bawa Trust - Managing the operations of Bawa Properties in Colombo - Number 11 and De Saram House.



DR. AMILA KANKANAMGE

Director

Dr. Amila Kankanamge possesses an impressive background in academia, corporate leadership and public service, having held influential positions in various corporate and government organizations, while making significant contributions to both sectors. Notably, he served as a board member for Mobitel (Pvt) Ltd, where his expertise and strategic insights played a pivotal role in the company's growth and success. Additionally, Dr. Kankanamge served on the board of Independent Television Network. Recognized for his entrepreneurial acumen, Dr. Kankanamge was the founding director of the E3X Group of Companies. Under his visionary leadership, the group achieved significant milestones and became a respected player in the business landscape. His entrepreneurial journey showcases his innovative thinking and his ability to turn ideas into successful ventures.

Dr. Amila Kankanamge is a prominent figure in various chambers of commerce and industry associations, contributing significantly to their endeavors. He held positions such as General Assembly member of the SAARC Chamber of Commerce, Director at the Federation of Chambers of Commerce and Industry Sri Lanka, and founding President of the Colombo Chamber of Commerce. Dr. Kankanamge's leadership in these roles fostered initiatives to bolster trade, investment, and collaboration among businesses.

Moreover, he is deeply committed to public service, currently serving on the Central Governing Board of the Sri Lanka Red Cross Society. Dr. Kankanamge's educational journey began at D.S. Senanayake College, where he laid the groundwork for his remarkable academic achievements, culminating in the attainment of a Ph.D. at a young age. In addition to these accomplishments, he is also a fellow member of CIM and actively contributes to its Ethics and Constitutional Committee.



MR. MADAWA WATTEGAMA

Director

Mr. Madawa Wattegama is a highly accomplished professional with a diverse background in Government Affairs, International Relations and Computer Studies. Currently serving as the Secretary to the State Minister of Urban Development and Housing, he has held influential positions in both the public and private sectors.

In the private sector, he has functioned as Chairman - Independence Holdings, Silverbird International and Tronic Entertainment, where he has demonstrated exceptional leadership and strategic vision in driving the success of these organizations. In the government sector, he has held key positions that have significantly contributed to national development, serving as

Advisor for the Deputy Minister of Tourism Development and Christian Religious Affairs; Vice Chairman of Ceylon Fertiliser Corporation; Board Member and Working Director of the Central Cultural Fund (CCF); Private Secretary to the Minister of Cultural Affairs and a Coordinating Secretary to the Deputy Minister of Higher Education, among other roles. His expertise extends to various sectors, including environmental conservation, labor relations, and editorial administration.

He has actively participated in trade delegations and investment promotion events worldwide, representing Sri Lanka's interests and fostering international collaborations, and was part of delegations to Switzerland, the United States, Brunei, France, Germany, Oman and Singapore. An advocate for the rights and welfare of Sri Lankan workers, he addressed challenges faced by them to secure work permits for employment agencies to supply workers to countries such as Korea, Malaysia, Jordan, Lebanon, and Dubai. Previously he has worked in Oman and Australia, gaining valuable international experience.

He remains an active member in esteemed clubs and organizations.



MR. KEERTI WEERASINGHE

Director

Mr. Keerthi Weerasinghe possesses an extensive experience of over 20 years in the fields of International Affairs, Investment Promotion, Plantations and Tourism, having served in numerous high level positions both in the government and as well as private sector in Sri Lanka and Japan and at present he is functioning as Director of Kisalka Exporters (Pvt) Ltd, Executive Director - Wonder Hotel Colombo (Pvt) Ltd and Director/CEO of Luxor Gem (Pvt) Ltd & Luxor Tea (Pvt) Ltd.

He is the Immediate Past Chairman of the Coconut Development Board, where he was instrumental in improving existing systems and introduced new technology to the industry with a view to enhancing foreign exchange earnings. During his tenure, he was responsible for the highest recorded export revenue in the history of coconut industry of Sri Lanka despite the pandemic and the resultant negative economic conditions. As Coordinating Secretary to the Hon. Prime Minister D.M Jayaratne, he was engaged in overall management and international affairs, strengthening relationships with the rest of the world.

Previously has been the Coordinating Secretary to Minister of Buddha Sasana and Religious Affairs; Director - Ceylon Fisheries Corporation under the Ministry of Fisheries and Janatha Estate Development Board 2007-2009; Working Director - Tea Research Institute of Sri Lanka under the Ministry of Plantations 2006-2008; Executive Director - Alkaduwa Plantations Ltd. under Ministry of Plantations 2008-2009 and CEO - Fujiyama State Corporation, Ministry of Engineering and Housing, to name a few.

He was educated at the Faculty of Medicine, University of Kelaniya, and later obtained the Higher National Diploma in IT & Modern Technology from the Dr. Arthur C. Clarke Center. He also earned an LLB (Honours) from the University of New Buckinghamshire, UK. He is also an advisor to the State Minister of Urban Development & Housing.



MR. P.A.S.A. KUMARA

Director

Mr. Athula Kumara joined the Public Service in 1991 as an Audit Examiner in Auditor General's Department and joined Sri Lanka Accounts' Services in 1992. Currently, he is the Director General of the Department of Public Enterprises, Ministry of Finance, Economic Stabilization and National Policies.

He has also been a Director/Board Member of Several Statutory Institutions including Colombo Commercial Fertilizer, Mantai Salt Ltd., Building Materials Corporation, Ceylon Agro Industries Ltd., Lanka Hydraulic Ltd., and Ceylon Ceramics Corporation. He holds a B. Sc Management (Public Admin.) (Special) degree from the University of Sri Jayewardenepura and in 2015 obtained his Master's degree in Business Studies from the University of Colombo. He is a Special Grade Officer of Sri Lanka Accounts' Services and a member of Chartered Public Accountants of the Institute of Chartered Accountants of Sri Lanka..



MR. P.H.P. DENIYAYA

Director

Mr. Deniyaya is currently practicing as an Attorney-At-Law, as a Criminal Counsel in the Criminal Bar of the Colombo High Court since the year 2000, and specializes in Defense Counseling.

His appearances include but are not limited to the Magistrate's Court, High Court, Court of Appeal, and to the Supreme Court. Also successfully appeared in several Fundamental Right Cases representing both Petitioners and Respondents in distinct Landmark Cases and secured the legal concession thereof.

He served as the Legal Advisor of the Sustainable Energy Authority Sri Lanka from March 2016 and was mainly assigned with the duty of preparing a draft Act, to be presented to the Legal Draftsman with a view to amending the existing Act, to promote the Green Energy sector in Sri Lanka.

DIRECTORS PROFILES



MR. R SOORIYAARACHCHIGE

Director

Mr. Rajiv Sooriyaarachchi serves as the Chairman of the National Housing Development Authority. He brings with him a wealth of experience of over 30 years and extensive knowledge in the industries of Insurance and Consumer Electronics and also in International Business Administration. He is also the Director of the Urban Development Authority, Urban Settlement Development Authority, Housing Development Finance Corporation Bank, Hotel Developers (Lanka) Limited & Tea Rubber & Coconut Estates Board.

He was appointed as Vice-Chairman of Airport and Aviation Services (Sri Lanka) (Private) Limited in December 2019. He played a pivotal role in overseeing administrative and operational functions of all airports under AASL and works closely with both local and international industry key stakeholders while acting as a key spokesman of AASL in dealing with media organizations, as he played the role of only full-time Executive Director of AASL other than the Chairman. He also served as the Chairman of HR and Remuneration Board subcommittee at AASL.

Previously, he has functioned as the Chairman of Puttalam Salt Limited during 2010-2015; Chairman of the Cooperative Rural Bank Union Ltd - Gampaha 2011-2015; Vice Chairman of Cooplife Insurance Company Ltd since 2022 amongst others.



MR. AVINDA FERNANDO

Director

Avinda Fernando is the founder and Executive Chairman of Siloscope Industries (Private) Limited, an export-oriented manufacturing firm. He is also the founder and Chairman of Eudor (Private) Limited, a web-development company. He also serves on the board of directors at Syndical Holdings (Private) Limited. With exceptional entrepreneurial skills, Avinda has been a pioneer in building novel enterprises in diverse industries. Avinda graduated from Birmingham City University in the UK with a Bachelor of Business Administration degree. He is currently reading for the Bachelor of Law at the University of London.

He has also completed the initial officer training at the Royal Air Force College in the UK and was commissioned as a pilot officer in 2020. His passion for invention and entrepreneurship has driven him to make investments across industries including the hospitality sector, and bring in novelties to those.



MR. P A JAYAKANTHA

Director

Mr. P A Jayakantha was appointed to the Board of Directors at Hilton Colombo 'Hotel Developers (Lanka) Ltd.' by the Secretary to the Treasury with effect from 03rd April' 23, under the direction of Minister of Finance, Economic Stabilization and National Polices.

Mr. Jayakantha was the former Director General of Civil Aviation and Chief Executive Officer (DGCA & CEO) of the Civil Aviation Authority of Sri Lanka (CAASL). By virtue of this prestigious appointment is also the designated Appropriate Authority for Aviation Security, for matters of concern to the world body; International Civil Aviation Organization (ICAO), a specialized agency of the United Nation.

A versatile in civil aviation by profession began his career in the year 1985 as a Commissioned Officer in the Sri Lanka Air Force (SLAF) and thereafter as a Management Officer with AIRLANKA renamed SriLankan Airlines, and the National Career. Having equipped with experience in both defense and civil aviation industry he was swift to be a regulator when he took up an appointment in the Inspectorate of the Aviation Security Regulation Division at the CAASL in 2004.

Mr. Jayakantha excelled to his last appointment as the DGCA, having held appointments, inter-alia as the Director Aviation Security, Deputy Director General and Addl. Director General. He is also an ICAO Accredited International Auditor, being appointed to conduct audits and reviews under the Universal Security Audit Programme Continuous Monitoring Approach (USAP-CMA) in other states from time to time and attends to ICAO missions as a short-term expert. He is the first and only Sri Lankan to be appointed to this position. In his academic qualifications he holds a Master's Degree in (Social Science) Economics, University of Kelaniya and Bachelor's Degree (BA- Sp) in Economics, University of Colombo, and a Diploma Holder in Aviation Security, awarded by the Canadian Aviation Training & Development Institute after qualifying in an extensive training programme conducted in Canada.

Mr. Jayakantha had pioneered several projects and assignments bringing in new innovation to the country's civil aviation in the recent past and continues to be a Key Management Officer. In recognition of his outstanding service for social and religious advancement in the country, he has been awarded with the prestigious National honors; Desha Bandu and Desha Keerthi.

CORPORATE GOVERNANCE

The Board of Directors of Hotel Developers (Lanka) Limited place a high degree of importance in adopting sound Corporate Governance practices and are committed to highest standards corporate governance within the organization guided by the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Guidelines on Corporate Governance for State Owned Enterprises, published by the Department of Public Enterprises of the General Treasury that was circulated by the Ministry of Finance by a Circular dated 16th November 2021.

THE BOARD OF DIRECTORS

The Board of Directors of Company provides the leadership being the top most body carrying the responsibility of formulating corporate strategic goals, values and standards and monitoring the performance and reporting to ensure the Company maintains high level of corporate governance and transparency in reporting to meet the obligations and the responsibility towards the stakeholders.

THE COMPOSITION OF THE BOARD

The Board comprised of 10 Directors as at the end of the year under review constituting Non-Executives with a balance of skills and experience which is appropriate for the business carried on by the Company as morefully set out below.

Mr. P A I S Perera - Independent Non Executive [resigned w e f 15.2.2023]

Mr. U G Dharmadasa -Independent Non Executive [appointed w e f 16.2.2023]

Ms. D S Ameresekere Independent Non Executive

Mr. V Kanagasabapathy Independent Non Executive [ceased w e f 6.4.2023]

Mr. P H P Deniyaya Independent Non Executive

Mr. L R S Weerasinghe Independent Non Executive [ceased w e f 21.3.2023]

Mr. K S Weerasinghe Independent Non Executive [appointed w e f 6 4 2023]

Mr. P A S A Kumara Non Independent Non Executive

Dr. M K C Senanayake Non Independent Non Executive [ceased w e f 21 3.2023]

Mr. P A Jayakantha Independent Non Executive [appointed w e f 6.4.2023]

Mr. K A R J Fernando Independent Non Executive [appointed w e f 21 3.2023]

Dr. I A Kankanamge Independent Non Executive [appointed w e f 21.3.2023]

Mr. M S Wattagama Independent Non Executive [appointed w e f 21.3.2023]

Mr. R Sooriyaarachchige Independent Non Executive [appointed w e f 21.3.2023]

APPOINTMENT OF DIRECTORS

As per the Articles of Association of the Company so long as the Secretary to the Treasury holds the majority of the shares, the Secretary to the Treasury shall have the right to nominate and appoint the majority of the Directors to take office.

The rights conferred on the Secretary to the Treasury are deemed to include the right to remove any person so appointed and to appoint another in place of any person so removed or in place of any person previously appointed who for any reason ceases to be a Director. A Director so nominated by the Secretary to the Treasury is not subject to retirement by rotation.

Directors who are over 70 years of age are subject to the provisions of Sections 210 and 211 of the Companies Act No. 7 of 2007 and will hold office only until the next Annual General Meeting after they reach the age of 70 years or were reappointed as per Section 211 of the Companies Act, unless they are re-appointed at such meetings specially declaring that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to such Director.

The Chairman, Mr U G Dharmadasa who is over 70 years of age was appointed in accordance with those provisions and a resolution will be placed before the shareholder for his reappointment at the forthcoming Annual General Meeting.

BOARD MEETINGS

The results of the Company are regularly considered and monitored against the budgets at Board Meetings at which a standard agenda is discussed together with any other matters that require the attention of the Board. The Board meets at least 6 times every year and wherever necessary Special Meetings of the Board are held.

During the year ended 31st December 2023 10 meetings of the Board were held. The attendance at the meetings was as follows

Names of Director	Date of appointment Director	No of Meetings attended in 2023
Mr. Upul Dharmadasa	16/02/2023	9/9
Ms. D.S. Ameresekere	07/04/2015	10/10
Mr. P H P Deniyaya	24/01/2020	10/10
Mr. K.S Weerasinghe	06/04/2023	7/8
Mr. P.A.S A Kumara	24/08/2020	10/10
Mr. P A Jayakantha	06/04/2023	8/8
Mr. K A R J Fernando	21/03/2023	5/9
Dr. I A Kankanamge	21/03/2023	9/9
Mr. M S Wattagama	21/03/2023	9/9
Mr. R Sooriyaarachchige	21/03/2023	8/9

The Directors are provided with Monthly Accounts and all matters of importance are discussed and decisions are taken

CORPORATE GOVERNANCE

at the Board Meetings. Further, Board Papers are submitted in advance on issues which require specific approval of the Board. Minutes of all Meetings are properly recorded and maintained by the Company Secretaries.

THE CHAIRMAN

Mr P.A.I. Sirinimal Perera was Chairman until 15th February 2023. He counts over 30 years of experience in the fields of financial management, accounting, internal auditing and general management and as a Director of many companies both private and public. He guided the Board at Meetings and ensured that all Directors contributed to the performance of the Company in line with their capabilities.

With effect from 16th February 2023, Mr Upul Ganganath Dharmadasa was appointed the Chairman of the Board of Directors.

Mr. Upul Dharmadasa has an MBA from Teesside University, Middleborough, Tees Valley, United Kingdom and is an Associate Member of a Degree in Arts in Food and Nutrition obtained in 1986 from Pasadena College U.S.A. He was Chairman of the Civil Aviation Authority of Sri Lanka from January 2021 to January 2023.

Mr Upul Dharmadasa has been guiding the Board at Meetings and ensures effective participation of all Directors in line with their qualifications and experience and the Board functions are discharged effectively taking into consideration matters relating to strategy, performance and other functions entrusted to the Board.

THE MANAGEMENT

The day to day operations of the Company are entrusted to the Corporate and Senior Management headed by the Chief Operating Officer. They ensure that risks and opportunities are identified and steps are taken to achieve targets within defined time frames and budgets.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has introduced adequate internal controls and risk management systems to safeguard the shareholder investments and the Company's assets. The Board is fully aware that internal controls have inherent limitations and do not provide absolute assurance against fraud and error.

The Board of Directors reviews the Monthly Accounts and the performance of the Company against approved budgets on a regular basis

AUDIT COMMITTEE

The Report of the Audit Committee is given on pages 22 and 25.

The members of the Audit Committee during the year under review upto 6th April 2023 were as follows :-

Mr. V. Kanagasabapathy	Chairman Member (Independent Non Executive)
Mr.P.A.S.A. Kumara	Member (Non Independent Non Executive)
Mr. P.H.Deniyaya	Member (Independent Non Executive)

The Audit Committee was reconstituted with effect from 28th June 2023 as follows:

Mr. P.A.S. A. Kumara	Chairman (Non Independent Non Executive)
Mr. P.H.P. Deniyaya	-Member (Independent Non Executive)
Mr. M S Wattegama	Member (Independent Non Executive)

The Audit Committee reviews and analyzes Reports on the Internal Controls of the Hotel Operations and Internal Audit Reports. The Audit Committee makes recommendations to the Board on necessary/appropriate actions based on such reports and finding improvements to the internal control systems of the Hotel/Company.

The Audit Committee also reviews the Annual Financial Statements before releasing the same for Audit;

The Audit Committee was reconstituted as of 28th June 2023 and Mr M S Wattegama was appointed as a member and Mr P A S A Kumara as the Chairman of the Committee.

Mr V Kanagasabapathy attends the Audit Committee Meetings by invitation pursuant to a decision taken by the Board of Directors of the Company, in April 2023.

REMUNERATION COMMITTEE

The composition of the Remuneration Committee during the year under review was as follows:

Mr. P.A.I.S. Perera	Chairman (Independent Non Executive) [upto 15.02.23]
Mr. V. Kanagasabapathy	Member (Independent Non Executive) [upto 20.04.23]
Mr. P H P Deniyaya	Member (Independent Non Executive)

The Remuneration Committee was reconstituted with effect from 20th April 2023 as follows:

Mr. U G Dharamadasa	- C Chairman (Independent Non Executive)
Mr. R Sooriyarachchige	Member (Independent Non Executive)
Mr. P H P Deniyaya	Member (Independent Non Executive)
Mr K S Weerasinghe	Member (Independent Non Executive Director)

Mr. P.A.S.A. Kumara was appointed to the Remuneration Committee with effect from 28th November 2023.

The Remuneration Committee makes recommendations on remuneration related matters to the Board.

OTHER COMMITTEES

Corporate governance is further instilled with the following subcommittees appointed by the Board to monitor the operational management and report to the board.

- Think Tank Committee
- Refurbishment committee
- Contract dispute committee

COMPANY SECRETARIES

Company Secretaries provide advice to the Board on matters relating to the Companies Act and Best Practices on Corporate Governance in order to ensure that the Best Governance practices are adopted by the Board and its Committees.

Currently, P W Corporate Secretarial (Pvt) Ltd, who are qualified Secretaries under the Companies Act are the Company Secretaries.

COMPLIANCE WITH LEGAL REQUIREMENTS

All Directors have access to the Financial and Management Information of the Company. The Directors make every endeavor to ensure that the Company complies with Laws and Regulations and to exercise due diligence in managing the affairs of the Company. Additionally, checks and controls are in place to ensure that the policies of the Board are complied with.

FINANCIAL DISCLOSURES AND TRANSPARENCY

Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act.

In terms of the 19th and 20th Amendments to the Constitution, read together with Article 154 of the Constitution the Auditor General continues to be the Auditor of the Company.

Auditors are allowed to act independently and without intervention from the Management or the Board of the Company to express an opinion on the Financial Statements of the Company. All the required information is provided for examination to the Auditors.

ETHICAL STANDARDS

The Company requires that all its employees maintain the highest standards of integrity in the performance of their duties and dealings on behalf of the Company.

The Company focuses on the training and career development of employees for the creation of an empowered and training committed group of employees, who will drive the Company to high levels of achievement in keeping with its mission, vision, goals and values.

STATUTORY PAYMENTS

All statutory payments due to the Government, which have fallen due, have been made or where relevant provided for. Retirement gratuities have been provided for in accordance with Sri Lanka Accounting Standards LKAS - 19, Employees Benefits.

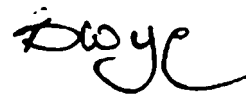
ACCOUNTABILITY AND DISCLOSURES

In the year ended 31st December 2023 the members of the Board of Directors have reviewed in detail the monthly Financial Statements and Annual Financial Statements in order to satisfy themselves that they present a true and fair view of the Company's affairs and these practices have been further strengthened as per the Code of Best Practice on Corporate Governance and the Guidelines on Corporate Governance for State Owned Enterprises.

OBTAINING INDEPENDENT PROFESSIONAL ADVICE

The Board in discharging its duties seeks independent professional advice from external parties when necessary, at the Company's expense.

By Order of the Board of HOTEL DEVELOPERS (LANKA) LIMITED



P W Corporate Secretarial (Pvt) Ltd
Company Secretaries

Colombo
30th April 2024:

RISK MANAGEMENT

Being in the forefront of a highly competitive industry that resonates with the demand of attracting and retaining diversified markets amidst numerous challenges, Company considers Risk Management as an integrated process in its pursuit in delivering long term stakeholder value. In its' current business environment where change has become the norm rather than the exception, the Hotel has consistently recognised the pivotal role it plays in balancing strategic planning with business execution and compliance. This facilitates informed decisionmaking and a conscious evaluation of opportunities and their inherent risks as such, enabling the Hotel to protect or enhance key assets appropriately.

Our Risk Management platform is geared in identifying the types of risk exposure within the company, measuring those potential risks and developing strategies to mitigate and control the same. Risk Management is an essential element of our corporate governance structure and strategic development process and the Hotel has successfully and strategically structured appropriate systems, policies and procedures in all areas of operations with periodical reviews to ensure adequacy and adherence.

Our risk management framework constantly reflects the changing dynamics in the operating environment and are woven into in line with our policy frameworks and international best practices where applicable.

RISK MANAGEMENT FRAMEWORK

The Risk Management team is headed by the General Manager of the hotel who is assigned the responsibility to implement the

risk strategies in consultation with the principal Hilton Worldwide regional office, in fulfilling its statutory, fiduciary and regulatory responsibilities within a well formulated risk management framework. And report to the company Board. Functional heads of the Hotel together with the General Manager make up the Risk Management team. A methodological process ensures that all relevant internal and external risks are identified with intelligence gathering, quality audits, safety audits, internal audits and means such as customer feedback and incidents. These identified risks are then assessed in terms of business impact, likelihood of occurrence and velocity. Risks are mapped in terms of impact and probability, enabling the prioritization of key risk exposures.

The result of these risk rankings are tabulated in a risk grid that rates the risks in scale of 'High to Insignificant', which enables the Hotel to prioritize the risks and to plan out risk mitigation strategies under the classification of preventive, detective and corrective action plans.

The Risk Management Team of the Hotel reviews the identified risks on a monthly basis; the assigned risk owners are responsible for the implementation of any mitigation action and report to the Board through the General Manager. The consolidated financial and operational compliance report is received by the Management. The Risk Management Team has also included the Risk Review on the agenda of Risk Management meetings.

Risk Category & Description	Control Measures and Action Plans to Mitigate Risks
Technology & Information Risk Risk of failure of electronic systems and inadequacy of information systems	Implementation of a fully integrated, property management, material management, Point of Sales and a financial information system, ensuring a seamless flow of information and operational efficiencies. Existence and continuous improvement of a Disaster Recovery Plan in the event of a disruption of failure in the system. The IT Division of the Hotel has implemented controls to safeguard the computer installations of the hotel to reduce downtime and ensure continuity of operation Continuous review of network protection process is carried out to ensure information security and integrity.
Internal Process & Procedures The risk of financial loss and disruption to business and breakdown in Internal Controls	Clearly defined systems & procedures are in place to ensure compliance with internal controls which are periodically reviewed for their continued effectiveness. A periodic Internal Audit process is carried out by the company who directly report to the Audit Committee appointed by the Board. Periodic Reports on adequacy and effectiveness of these systems and level of compliance is submitted to the Audit Committee for review and corrective actions.
Security Risk	Effective monitoring surveillance systems have been installed meeting the international standards of the Hotel Industry. Investment have been made for increase security equipment and surveillance systems to strengthen the security of the guest and staff. Trained skilled security staff have been deployed and continuous training is provided to ensure the security is maintained effectively.

Risk Category & Description	Control Measures and Action Plans to Mitigate Risks
Natural or Man-made Disasters Loss of property and equipment resulting in significant losses	Adequacy of insurance covers are reviewed regularly and updated when necessary. Crisis management and business recovery plans have been adopted to safeguard the assets and speedy recovery. These are being reviewed periodically. A new sprinkler system has been put in place at the hotel's penthouse level to reduce the risk of fire.
Credit Risk Exposure and losses due to default of settlement debtors	A credit policy and stringent controls are in place to mitigate the impact of default. Credit limits and approval process for new debtors are reviewed on a regular basis. Monthly monitoring and reporting on debtors ageing reports to the management for prompt actions.
Liquidity Risk Inability to meet financial commitments on due dates.	Systems are in place to closely monitor the cash management and credit facilities from suppliers. Banking facilities for operational cash are obtained through close review and approval process to ensure company has the potential to finance the same. Capital investment are reviewed by the management and approved based on sufficient availability of cash flows for financing with realistic cash projections for sustainability.

The company continuously monitor the processes implemented by the hotel to identify, evaluate and manage significant risks that endanger the operations throughout the year in accordance with the guidelines set out by the Hilton Worldwide of USA for management of hotels. Periodic reviews are carried out by the regional office overlooking the Risk Management and reports are submitted for corrective actions.

Below are some of the key items included in the risk register along with the status and mitigation strategies for each, for the financial year ending 31st December 2023.

Risk Category & Description	Control Measures and Action Plans to Mitigate Risks
Brand Image & Reputational Risk Action that may cause material damage to the brand and reputation of the company	Conduct regular brand audits and mystery audits for guests' feedback covering both facilities and services. Compliance with environmental, health & safety best practices by obtaining HACCP and other quality certification standards. Food Safety & Hygiene Manager to monitor and manage food safety & hygiene standards as per global Hilton worldwide standards Regular microbiological and chemical analysis of drinking water, swimming pool water, cooling tower water, guest room water & food processing water is carried out by an accredited laboratory to monitor the safety levels and requirements Air quality in the the hotel is regularly tested for Indoor Air Quality (IAQ) parameters. Preventive maintenance programmes are regularly scheduled and conducted to the highest standards to ensure that all food processing/storage equipment are operating at optimum levels Benchmark industry best practices in terms of both product and service. Ensuring key managerial positions are held by suitably qualified and trained staff with sufficient experience in the hotel industry. Innovative service delivery in keeping with the brand promise. Responsible corporate citizenship through CSR initiatives.
Human Resources Risk Risk of losing key personnel and skilled staff; inappropriate labour action Risk of injuries/health hazards due to employees being exposed to hazardous work conditions/chemicals	Structured training programs, cross exposure training opportunities arising from the performance appraisal process. Emphasis on good employer-employee relationships, employee welfare, and an effective and open communication with the labour union to achieve a win-win outcome. Fostering a spirit of unity and self belonging across the organization via associate gatherings, outings, family get-togethers and religious events. Adjusting the salary level of the key team members to be more competitive in the market. Strict adherence to laid down safety standards and procedures.

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL TOURISM

By the end of 2023, international tourism had rebounded to 88% of its pre-pandemic levels, with around 1.3 billion global visitors recorded. This represents a significant recovery for the global tourism industry, illustrating substantial progress in global travel despite the challenges posed by the COVID-19 pandemic. The unleashing of remaining pent-up demand, increased air connectivity, and a stronger recovery of Asian markets and destinations, are expected to underpin a full recovery by the end of 2024 as per the first UNWTO World Tourism Barometer of the year.

The Middle East led recovery in relative terms as the only region to overcome pre-pandemic levels with arrivals 22% above 2019. Europe, the world's most visited region, reached 94% of 2019 levels, supported by intra-regional demand and travel from the United States. Africa recovered 96% of pre-pandemic visitors and Americas reached 90%. Asia and the Pacific reached 65% of pre-pandemic levels following the reopening of several markets and destinations. However, performance is mixed, with South Asia already recovering 87% of 2019 levels and North-East Asia around 55%. International tourism hit US\$1.4 trillion in 2023. The latest UNWTO data also highlights the economic impact of recovery.

International tourism is expected to fully recover pre-pandemic levels in 2024, with initial estimates pointing to 2% growth above 2019 levels. This central forecast by UNWTO remains subject to the pace of recovery in Asia and to the evolution of existing economic and geopolitical downside risks. There is still significant room for recovery across Asia. The reopening of several source markets and destinations will boost recovery in the region and globally.

Economic and geopolitical headwinds continue to pose significant challenges to the sustained recovery of international tourism and confidence levels. Persisting inflation, high interest rates, volatile oil prices and disruptions to trade can continue to impact transport and accommodations costs in 2024.

Against this backdrop, tourists are expected to increasingly seek value for money and travel closer to home. Sustainable practices and adaptability will also play an increasing role in consumer choice. Staff shortages remain a critical issue, as tourism businesses face a shortfall in labor to cope with high demand. The evolution of the regional conflict may disrupt travel in the Middle East and impact traveler confidence. Further uncertainty derived from the geopolitical tensions, between Russia and Ukraine and the impact coursed to the regional economy continue to weigh on global traveler confidence.

Chinese outbound and inbound tourism is expected to accelerate in 2024, due to visa facilitation and improved air capacity. China is applying visa-free travel for citizens of France, Germany, Italy, the Netherlands, Spain and Malaysia for a year to 30 November 2024. Strong travel from the United States, backed by a strong US dollar, will continue to benefit destinations in the Americas and beyond. As in 2023, robust source markets in Europe, the Americas and the Middle East, will continue to fuel tourism flows and spending around the world.

SRI LANKA TOURISM

Sri Lanka's tourism industry has achieved a robust revival in 2023, marking a significant milestone by registering the highest influx of visitors to Sri Lanka since 2019. With almost 1.5 million visitors, the country has made significant strides amid consecutive

challenges during the past four years. This resurgence in visitor numbers reflects a positive trajectory for Sri Lanka's tourism industry, showcasing its resilience and recovery after facing various challenges, including the impact of the 2019 Easter Sunday tragedy and the subsequent disruptions caused by the COVID-19 pandemic and adverse travel advisories imposed by numerous countries particularly in 2022 amid political and economic crisis.

Further, tourist arrivals surpassed 200,000 in December, marking the highest number of visitors received in a month over the past three years. This achievement is a testament to the country's enduring appeal as a premier travel destination, highlighting Sri Lanka's vast potential in furthering the tourism industry.

The daily average of tourist arrivals increased steadily between November and December, with the daily average in December surging to 6,772 from 5,049 in the previous month. The resumption of charter flights, regular cruise liners as well as the visa-free scheme has played a pivotal role in boosting arrivals in December.

India emerged as the single biggest source market in 2023 with over 300,000 tourists, whilst Europe was the largest region that contributed to the annual tourist inflow to Sri Lanka with Russia taking the lead of over 200,000 tourists, followed by the UK with over 130,000 tourists and Germany with over 101,000 tourists. Originally, the Sri Lanka Tourism Development Authority (SLTDA) projected to attract 1.55 million tourists and \$ 3 Billion in earnings, but the target was revised upwards to 2 million amid a surge in arrivals in July. However, the figures were later adjusted back to the initial target of 1.55 million, along with the dip in earnings expectations to \$ 2.7 billion. The Government's aims to welcome 2.5 million tourists in 2024 and to generate over \$ 3.5 billion in revenue, whilst setting its sights on increasing arrivals to 5million and earning an impressive \$ 21.6 billion within six years. The industry looks ahead with optimism, fuelled by the recent success and ambitious targets set for the coming year.

GLOBAL ECONOMY

The world economy proved more resilient than expected in 2023 amid significant monetary tightening and lingering policy uncertainties worldwide. Several large developed economies showed remarkable resilience, with robust labour markets supporting consumer spending despite sharp monetary tightening. At the same time, inflation gradually declined in most regions on the back of lower energy and food prices, allowing central banks to slow or pause interest rate hikes. This veneer of resilience, however, masks both short-term risks and structural vulnerabilities. Underlying price pressures are still elevated in many countries.

A further escalation of conflicts in the Middle East poses the risk of disrupting energy markets and renewing inflationary pressures worldwide. As the global economy braces for the lagged effect of sharp interest rate increases, the major developed country central banks have signalled their intention to keep interest rates higher for longer. The prospects of a prolonged period of higher borrowing costs and tighter credit conditions present strong headwinds for a world economy that is saddled with high levels of debt but also in need of increased investment, not only to resuscitate growth but also to fight climate change and accelerate progress towards the Sustainable Development Goals (SDGs).

Moreover, tight financial conditions, coupled with a growing risk of geopolitical fragmentation, pose increasing risks to global trade and industrial production. Against this backdrop of lingering risks and uncertainties, global GDP growth is projected to slow from an estimated 2.7 per cent in 2023 to 2.4 per cent in 2024. Growth is forecast to improve moderately to 2.7 per cent in 2025 but will remain below the pre-pandemic trend growth rate of 3.0 per cent.

SRI LANKA ECONOMY

The economy contracted by 2.3% in 2023, despite growth in third and fourth quarters (1.6 and 4.5% respectively) following six quarters of contraction. This was driven by shrinking construction and mining, financial and IT services, and textile manufacturing, amid weak demand, tight private credit, and shortages of inputs, and was partly offset by growth in transport, accommodation, food, and beverage services, resulting from a rebound in tourism. Inflation remained benign, after declining to single-digit levels in July 2023, supported by currency appreciation and improved supply. However, with the recent spike in food prices and pass-through of fuel and utility prices, headline inflation as measured by the Colombo Consumer Price Index increased to 5.9% in February 2024.

After almost two years of monetary tightening, the central bank cut policy rates by 650 basis points between June and November 2023. Combined with improvements in liquidity, this resulted in a sharp decline in the government's cost of domestic borrowing. While growth rates remain negative, private sector credit has been recovering monthly since June 2023.

In 2023, the current account recorded a surplus for the first time since 1977, as remittances and tourism rebounded sharply, and imports remained subdued. The continued external debt service suspension, inflows from development partners, large purchases of foreign exchange, and postponed repayments on existing credit lines have helped build usable official reserves to about 2 months of imports (US\$3.1 billion by end-February 2024, compared to US\$500 million in December 2022). The Rupee appreciated by 10.8 percent against the US Dollar in 2023. Growth prospects depend on progress with debt restructuring and the continued implementation of structural reforms.

COMPANY PERFORMANCE

Tourism showed a rebound in the year 2023 as conditions improved after the economic crisis in 2022 which kept tourists away. Hilton Colombo's premier brand and loyal clientele continued to patronise the property. Revenue from rooms increased to Rs. 1137 Mn in 2023 compared to Rs. 667 Mn in the preceding year. The introduction of minimum rates from October 2023 created greater competition. The hotel completed substantial part of the room refurbishments during the year, offering an enhanced product on par with new hospitality brands expected to enter the city tourism scene.

The hotel recorded a revenue of Rs. 4,228Mn in 2023 in contrast with Rs. 2,887Mn in the year 2022 for the corresponding period, while F&B operations made a significant contribution during the year, recording Rs. 3035 Mn in 2023 as against Rs. 2,185 Mn achieved in the previous year.

As the preferred hospitality corporate and individual partner for F&B, revenue from F&B operations rose significantly during the year. For Hilton Honours loyalty members, the Hilton Colombo is the first choice while visiting the island. Further to the revenue increase and

thanks to the host of cost control measures taken by the hotel the gross profit margins compared to 2022 increased 37% to 42% to overcome the inflation impact. This significantly offset the impact of the overhead cost which increase year on year due to impact of utility cost affected by the energy prices.

The company is well-prepared to confront new market competition from international hotel brands, having completed a state-of-the-art renovation of 144 guest rooms in December 2023. An additional 48 guest rooms are scheduled for release in April 2024, followed by the gradual release of the remaining 72 renovated rooms from July to August 2024. These enhancements position Hilton to capitalize on market opportunities, aiming to lead in quality, services, and competitive pricing. Furthermore, these developments are expected to bolster revenue and financial performance of the company from 2024 onwards, leveraging the industry revival for growth synergy. This will also enhance the property's value amidst the ongoing divestiture process initiated by the Ministry of Finance, Economic Stabilization, and National Policies.

SUSTAINABILITY REPORT

OUR PEOPLE

Employees are the heartbeat of any successful hotel chain. At the heart of Hilton's success lies a dedicated team of staff that not only ensures the smooth operation of the hotel but also embodies its values of hospitality and excellence. From the friendly faces at the front desk to the skilled chefs in the kitchen, every employee plays a crucial role in creating unforgettable experiences for guests. Their commitment to service excellence and attention to detail is what sets Hilton Colombo apart in the competitive hospitality industry.

Hilton Colombo offers a full calendar of events to enrich staff including monthly orientation programmes to ensure all Team Members understand the organizational culture and to introduce them and welcome them to the HILTON family; training programmes focused on each department to ensure interactive and inclusive sessions; training in safety precautions; HACCP certified food trainings. Some of the key initiatives held during the year were:

TASK FORCE TO JAPAN, SINGAPORE & MALAYSIA

Hilton Colombo's initiative as part of its on-going commitment to fostering global collaboration and expanding organizational reach saw selected team members being given the invaluable opportunity to immerse themselves in a new culture, gain cross-cultural experience, and contribute to projects of strategic importance in Japan, Singapore and Malaysia. This experience will not only enrich their professional growth but also enhance the team's collective capabilities.

TEAM MEMBER'S FAMILY FUN DAY

All Team Members came together on 7th Oct 2023 at the Hilton Colombo Ball Room for a Kid's Family Fun Day which turned out to be a fun-filled day with games galore along with health check-ups for team members, which had a significant positive impact on both employees and their families. A spectacular fun fest for the little champions and an exciting hotel tour was organized to showcase the magic behind Hilton Colombo! The event enhanced employee satisfaction and loyalty. Greater awareness was raised among team members about the importance of regular health screenings and preventive care for them and their children.

INTERNATIONAL WOMEN'S DAY

On 8th March 2024 the International Women's Day was celebrated by hosting a panel discussion with an external trainer/psychologist who spoke about work-life balance.

Kitchen Apprentices Programme 2023

This programme offers aspiring chefs and kitchen enthusiasts a unique opportunity to immerse themselves in the art of culinary craftsmanship, under the mentorship of our experienced culinary team. Through hands-on training, personalized guidance, and exposure to diverse culinary techniques, apprentices will develop the skills and knowledge essential for a successful career in the culinary arts. Key features of the program include:

- **Structured Learning Curriculum:** Apprentices will follow a comprehensive curriculum covering fundamental culinary skills, kitchen safety, food preparation techniques, menu planning, and more.
- **On-the-Job Training:** Apprentices will gain practical experience by working alongside seasoned chefs in our professional kitchen environment, participating in daily food preparation, cooking, and service operations.
- **Mentorship and Coaching:** Each apprentice will be paired with a dedicated mentor who will provide guidance, feedback, and support throughout the duration of the programme, fostering individual growth and development.
- **Culinary Experiences:** Apprentices will have the opportunity to participate in culinary workshops, tastings, and special events, allowing them to expand their culinary repertoire and discover new flavors and cuisines.
- **Career Pathway Opportunities:** Upon successful completion of the programme, apprentices may have the opportunity to pursue further career advancement within our organization, including potential roles as commis chefs or junior sous chefs.

We believe that investing in the next generation of culinary talent is essential to the continued success and innovation of our kitchen operations. Through the Kitchen Apprentices Programme, we aim to inspire, educate and empower individuals to pursue their passion for cooking and embark on a fulfilling culinary career journey.

FOOD & BEVERAGE TALENT SCHOOL

At Hilton Colombo, great food and beverage offerings are essential ingredients for creating memorable moments and fostering connections. This programme offers a comprehensive introduction to the key principles, practices and skills essential for success in the food and beverage sector. Whether you're a budding chef, aspiring restaurateur, or simply a food enthusiast looking to expand your knowledge, this programme is the perfect starting point for your culinary adventure:

Foundations of Culinary Arts: Basics of cooking techniques, knife skills, food safety and sanitation practices under the guidance of experienced culinary professionals.

Introduction to Beverage Service: The world of beverages, including wine, spirits, cocktails, and non-alcoholic drinks, and develop essential skills in bartending, mixology, and beverage pairing.

Hospitality Essentials: Insights into the principles of hospitality management, customer service excellence, menu planning, and dining room operations.

Hands-On Learning Experiences: Interactive workshops, tastings, and culinary demonstrations.

Industry Networking Opportunities: Connect with industry professionals, guest speakers, and fellow participants, building valuable relationships and gaining insider insights into the food and beverage landscape.

WALK- IN INTERVIEWS

Industrial Training is compulsory during Hotel Management programmes. Hilton Colombo committed to extend this opportunity to over 60+ students biannually. It enhances their skills and provides a platform to showcase their talent. More than 1400 students participated in the recently concluded recruitment drive.

SRI LANKA INSTITUTE OF TOURISM & HOTEL MANAGEMENT

A group of 05 students attached to the Sri Lanka Institute of Tourism and Hotel Management (Kandy branch) visited the hotel to learn about the brand-specific machines and technology and engineering concepts and theories applied in the hotel.

INTER-HOTEL SCHOOL COCKTAIL COMPETITION

Inter Hotel School Mixologists and Barista Challenge was held alongside Hilton Colombo's F&B Masters.

FOOD SAFETY & HYGIENE FOR COLOMBO NURSING SCHOOL

The students of the Colombo Nursing School led by Dr. Pathum Kodikara, a leading Medical Officer of Health in the Colombo District participated in a programme on 'Food safety & hygiene.' The students were also taken through the hotels' kitchen.

CAREERS@HILTON

Careers@Hilton is hosted annually every May by all Hilton hotels and offices across the globe to encourage and educate local youth and other job seekers about the potential opportunities and benefits of a career in hospitality. First initiated by Hilton CEO Chris Nasetta in 2014, Careers@Hilton continues to receive global patronage from all Hilton properties, and serve as an invaluable opportunity to support Hilton's commitment to connect, prepare and employ one million young people. The hotel has consistently opened its doors to youth, through social impact projects:

- Large scale interview campaigns.
- Guest Lectures
- Curated Programs for Hospitality Institutes
- ANC career campaign
- Visits to hotel schools for career campaigns.
- Trophy sponsorship.
- NSBM traverse sponsorship.
- University and institute network.
- Participated to Career fare at BMICH opening up many opportunities to youth, school leavers.

WILLIAM ANGLISS CAREER DAY

William Angliss Institute held its first Career Day Breakfast Meeting Workshop in which all four Hilton hotels participated

in a 1-Day programme where students of the Institute had an opportunity to learn more about the Hilton brand and the many opportunities available to develop youth in the hospitality trade.

PARTNERSHIP WITH NATIONAL SCHOOL OF BUSINESS MANAGEMENT

Hilton Hotels and Resorts penned an MoU with NSBM Green University on 24th August 2022 at the NSBM Green University premises. In essence, through this mutually beneficial collaboration both institutions envisage a fruitful venture in future, specifically to increase the possibilities of undergraduate industrial training in various departments, gather information for research and development and also for Hilton employees to follow postgraduate programmes at NSBM. NSBM thereby entered into partnerships with four hotel properties under Hilton Hotels and Resorts: Hilton Colombo, Hilton Colombo Residencies, Hilton Yala Resort and Double Tree by Hilton Weerawila.

PARTNERSHIP WITH KOREA LANKA SCHOOL OF HOSPITALITY & HOTEL MANAGEMENT

A Memorandum of Understanding was signed between Korea Lanka School of Hospitality & Hotel Management and Hilton Yala Resort on 27th January 2022 at the school premises. As per this mutual beneficial partnership, selected candidates from underprivileged families, preferably in Yala area will be enrolled at KLSHH where they will go through a 5-month course in a selected operational area FOC basis and be released for a 6-month Industrial traineeship. The candidates will graduate at the end of their industrial training, which will open doors for a long-term career with Hilton!

TROPHY SPONSORSHIPS

The graduation ceremony of William Angliss school of Hospitality by SLIIT was held recently. Hilton Colombo sponsored the Award for Operational Excellence yet again.

APPRENTICESHIPS

The hotel conducts programmes focused on attracting and retaining youth into the industry. These initiatives include the opening of internships, industrial trainee and apprenticeship opportunities organized in partnership with leading hospitality education institutes. Currently, Hilton Colombo maintains five apprentice programmes across different departments in the hotel; working in close collaboration with the National Apprentice and Industrial Training Authority (NAITA); a government body established to train youth on skilled jobs. Current active apprenticeship programmes include:

- Kitchen Apprentice Programme (duration : 30 months)
- Engineering Apprentice Programme (duration : 24 months)
- Housekeeping Apprentice Programme (duration : 12 months)
- Food & Beverage Apprentice Programme (duration : 18 months)
- Kitchen Stewarding Apprentice Programme (duration: 12 months)

SUSTAINABILITY REPORT

ENVIRONMENT

Hilton Colombo is dedicated to preserving the environment for future generations. Through sustainable operations and green initiatives, the hotel minimizes its ecological footprint and promotes responsible tourism practices. From energy-efficient technologies to waste reduction strategies, every effort is made to conserve natural resources and protect the local ecosystem. By championing sustainability, Hilton Colombo sets an example for the industry and demonstrates that profitability and environmental stewardship can go hand in hand.

At Hilton Colombo, we are committed to leading the hospitality industry toward a net-zero economy and reducing our greenhouse gas emissions in line with climate science. We recognize our critical responsibility to protect our planet and preserve the beautiful destinations in which we operate for generations to come. We are also taking major steps toward reducing our environmental footprint through our Watts, Water and Waste programmes.

DRIVING ENERGY EFFICIENCY

As a Global Hilton, we believe we can achieve our energy goals through use of renewable power and a relentless focus on energy efficiency, which will both reduce utility costs and greenhouse gas emissions from our hotels around the world. We have pledged to reduce our Scope 1 and 2-carbon intensity by 61% by 2030.

SOLID WASTE MANAGEMENT

Hilton is committed to reducing waste and driving towards a circular economy. We have pledged to reduce our waste by 50% by 2030 as a Global Hilton. Our waste reduction strategy seeks to decrease the overall amount of waste produced

in our hotels, while taking steps to divert remaining waste from landfill through donation, recycling, composting, energy from waste incineration and other opportunities.

WATER CONSERVATION

Hilton is committed to reducing water use intensity by 50% by 2030, and implementing 20 community water projects to increase access and resilience.

The Hotel encourages participation by its internal and external stakeholders in celebrating key events that raise awareness about the environment:

WORLD EARTH HOUR

On World Earth Hour, an awareness programme was conducted for team members of Hilton Colombo by way of posters and video clips and by dimming lights in the lobby and team member areas.



WORLD WATER DAY

On World Water Day, flyers and videos were shared with Team Members.

WORLD EARTH WEEK

World Earth Week was celebrated by the team to honour our planet and renew our commitment to its protection and preservation by embracing sustainable practices, advocating for environmental stewardship and inspiring positive change for a healthier, greener future for generations to come.



NO BIN DAY

The Hotel took a step towards a cleaner and more sustainable future by minimizing waste and maximizing recycling, joining the force in the fight against food waste by making mindful consumption choices.

RECYCLE PROJECT

Hilton Colombo collects used soap from guest rooms and hand-over to Hilton Colombo Residences for recycling purposes.

COMMUNITY

Beyond providing exceptional guest experiences, Hilton Colombo is deeply committed to making a positive impact on the local community. Through various initiatives, the hotel actively nurtures the underprivileged and empowers youth to reach their full potential. Whether through partnerships with local organizations or educational programmes, Hilton Colombo strives to create opportunities for those in need. By investing in the future of the community, the hotel not only strengthens its ties but also contributes to a more inclusive and prosperous society.

TRAVEL WITH PURPOSE PROJECTS

Hilton Colombo has operated in the local community for over three decades and attributes its enduring success to support and goodwill from the community which has extended its support after realizing the hotel's sustainable approach. The hotel team members are encouraged to volunteer under the umbrella of 'Blue Energy Community Team'. This foundation functions with the assistance of the hotel team's enthusiasm for volunteering in all its projects. The Hilton Colombo volunteer network enables team members to reach beyond their day-to-day work to contribute to the community and environment. These multi-faceted initiatives are designed to empower Sri Lankan communities through targeted programmes aimed at supporting opportunities for long-term growth.

Some of the highlights of the year 2023 are given below:

SUSTAINABILITY REPORT

Supporting Chithra Lane Special Needs School

Saluting the resilience of children with special needs at the Chithra Lane School, the hotel provided a donation and raised awareness in its community to support the children.



Chithra Lane
Welfare Society
FOR CHILDREN WITH SPECIAL NEEDS



Building Better Community, Resilience to End Hunger

- Distribution of 23 Baby Layettes to most needed pregnant mothers.
- Supported in preparing and give away of mid-day meal for underweight children, lactating mothers and pregnant mothers at the community kitchen.
- Distribution of plants to home gardening and poultry for backyard poultry farming.

LINEN FOR LIFE

A discarded linen donation drive was conducted at the Hilton Ball Room, thus contributing to a more compassionate, sustainable world, one act of kindness at a time. The hotel encouraged stakeholders to open their linen closets, find those old sheets, blankets, and towels, and give them a second life through donation to bring a smile to those in need.



SUPPORTING THE APEKSHA CANCER HOSPITAL

BLOOD DONATION

Cancer treatments such as chemotherapy and radiation therapy often lead to a significant decrease in the body's blood cell count, resulting in a critical need for blood transfusions. All Team Members donated blood to alleviate the suffering of cancer patients, enabling them to endure their treatments more effectively and improve their quality of life during this challenging journey. Every drop of blood has the potential to make a profound impact, giving patients the strength and resilience they need to continue their fight against cancer.



PROVIDING URGENTLY NEEDED MEDICINES

In the face of the ongoing challenges in cancer treatment, the provision of urgently needed medications is crucial in ensuring that patients receive timely and effective care. Our donation of essential medications to cancer hospital can be the lifeline that patients are counting on in their fight against this



SAVING & TRANSFORMING LIVES - 8TH JUNE 2023

- Donation of disposed bath mats & bedsheets
- Distributed 15 counts of disposed 15 bath mats and 25 bedsheets to Animal SOS sanctuary that supports suffering of street dogs and cats in Sri Lanka.
- Donation of 300 lunch packets
- Donation of freshly cooked lunch packets to Sunrise foundation that support disability children's sports meet

CHRISTMAS DAY LIGHTING EVENT

The Hotel offered an exciting experience to 25 small children at the Serve children's organization with a magic show along with delicious snack time and gifted with school kits for each child. They participated in lighting the official Christmas tree of Hilton Colombo.

REFURBISHMENT OF SCHOOL BUILDING IN PUTTALAM

Our Engineering Team engaged in a CSR initiative to refurbish a school building in a rural area, thereby providing students with access to better infrastructure. At Hilton Colombo, we believe in the power of education and the importance of providing quality learning environments for all children, regardless of their circumstances. The Engineering team renovated the main hall and the shrine room of the school to create vibrant and inspiring learning spaces. Essential stationary items were provided to the school and provided a tea-time snack pack. Education is the key to unlocking opportunities and empowering individuals to reach their full potential, and as Hilton Colombo we're proud to play a part in supporting education in rural communities.

GIVE-AWAY OF ESSENTIAL PACKS FOR PEOPLE IN NEED

As part of the Front Office Team's CSR initiative, 10 essential Packs were provided for those in need. At Hilton Colombo, we believe in giving back to the community and supporting those who are facing hardship. Through this initiative, the whole front office team committed to offering vital supplies to 10 individuals and families who may be struggling to make ends meet. Those essential packs were carefully curated to include necessities such as food items, and other essential items along with a breakfast pack that can make a significant difference in someone's life.

ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Hotel Developers (Lanka) Limited are pleased to present their Report and the Audited Financial Statements of the Company for the Year ended 31st December 2023.

1. THE PRINCIPAL ACTIVITY

The principal activity of the Company is to carry on the business of the proprietors and operators of hotels and for such purpose to construct, purchase take on a lease or otherwise acquire any lands, buildings and other property and to improve, equip and furnish the same.

Accordingly, during the year under review the Company engaged in the business of hospitality trade, owning Hilton Colombo Hotel.

2. FINANCIAL STATEMENTS

The Financial Statements of the Company are given on page 31-59.

3. GOING CONCERN

The Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. The Financial Statements of the Company have accordingly been prepared on a going concern basis.

4. AUDITOR'S REPORT

The Auditor's Report on the Financial Statements of the Company is given on pages 31-32.

5. ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Statements are given in Note 03, and there were no significant changes to those accounting policies during the year under review vis-à-vis those used in the previous year.

6. TAXATION

Provision for taxation has been computed at the rates given in Note.10 to the Financial Statements.

7. DIVIDENDS

The Directors do not recommend a dividend on the ordinary shares for the year ended 31st December 2023.

8. BOARD OF DIRECTORS AND THEIR SHAREHOLDING

The Directors of the Company during the year and as at 31st December 2023 were:

Mr. P A I S Perera	[resigned w e f 15.2.2023]
Mr. U G Dharmadasa	[appointed w e f 16.2.2023]
Ms. D S Ameresekere	
Mr. V Kanagasabapathy	[ceased w e f 6.4.2023]
Mr. P H P Deniyaya	

Mr. L R S Weerasinghe	[ceased w e f 21.3.2023]
Mr. K S Weerasinghe	[appointed w e f 6.4.2023]
Mr. P A S A Kumara	
Dr. M K C Senanayake	[ceased w e f 21.3.2023]
Mr. P A Jayakantha	[appointed w e f 6.4.2023]
Mr. K A R J Fernando	[appointed w e f 21.3.2023]
Dr. I A Kankanamge	[appointed w e f 21.3.2023]
Mr. M S Wattegama	[appointed w e f 21.3.2023]
Mr. R Sooriyaarachchige	[appointed w e f 21.3.2023]

None of the above Directors hold shares in the Company.

RETIREMENTS / RE-APPOINTMENTS

Mr. U G Dharmadasa who is over 70 years of age, is recommended for re-appointment as Director in pursuance of Section 211 of the Companies Act. A Resolution proposing the re-appointment of Mr. U G Dharmadasa to the Board of the Company declaring that the age limit of 70 years shall not apply to the said Director, will be placed before the sole shareholder at the forthcoming Annual General Meeting.

9. INTEREST REGISTER

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 7 of 2007. Arising from this, details of contracts in which they have an interest, if any, are disclosed in Note 37.1 to the Financial Statements.

10. REMUNERATION OF THE DIRECTORS

The remuneration and other benefits of Directors during the accounting period are as follows; Directors' emoluments Rs.18,806,000/- (2022 – Rs.3,575,000/-)

11. DIRECTORS INTERESTS / RELATED PARTY TRANSACTIONS

The above details are contained in Note 37 to the Financial Statements. The Directors have no direct or indirect interest in any contracts or proposed contracts with the Company other than those disclosed.

12. AUDITORS

In terms of the 19th and 20th Amendments to the Constitution read together with Article 154 of the Constitution, the Auditor General continues to be the Auditor of the Company. A sum of Rs.3,440,000/- is payable to the Auditor for the year under review, comprising Audit Fees only (2022- Rs. 3,218,000/-)

13. DONATIONS

The Company has not made any donations during the year ended 31st December 2023

14. AUDIT COMMITTEE

The Composition of the Audit Committee during the year under review.

The members of the Audit Committee during the year under review upto 6th April 2023 were as follows :-

Mr. V. Kanagasabapathy	Chairman
Mr. P A S A Kumara	Member
Mr. P H P Deniyaya	Member

The Audit Committee was reconstituted with effect from 28th June 2023 as follows:

Mr. P A S A Kumara	Chairman
Mr. P H P Deniyaya	Member
Mr M S Wategama	Member

Mr. V Kanagasabapathy Chartered Accountant, a former Director and the Chairman of the Audit Committee attends the Audit Committee Meetings on invitation in accordance with a decision taken by the Board of Directors in April, 2023.

15. REMUNERATION COMMITTEE

The composition of the Remuneration Committee is as follows:

Mr. P.A.I.S. Perera	Chairman	[upto 15.02.23]
Mr. V. Kanagasabapathy	Member	[upto 20.04.23]
Mr. P H P Deniyaya	Member	

The Remuneration Committee was reconstituted with effect from 20th April 2023 as follows:

Mr U G Dharamadasa	Chairman
Mr P H P Deniyaya	Member
Mr R Sooriyarachchige	Member
Mr. K S Weerasinghe	Member

Mr. P.A.S.A Kumara was appointed to the Remuneration Committee with effect from 28th November 2023.

16. CAPITAL EXPENDITURE

The details of material capital commitments are given in Note 34 to the Financial Statements.

17. PROPERTY, PLANT AND EQUIPMENT

The details of the property, plant and equipment are given in Note 12 to the Financial Statements.

18. STATED CAPITAL

The Stated Capital of the Company as at 31st December 2023 was Rs. 20,466,456,858/- represented by 2,046,645,686 ordinary shares.

19. DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL REPORTING

The Directors are responsible for the preparation and presentation of the Financial Statements of the Company to reflect a true and fair view of its state of affairs. The Directors confirm that these Financial Statements have been prepared in conformity with the Sri Lanka Accounting Standards and the Companies Act No. 07 of 2007. The Directors are accordingly satisfied that the Financial Statements presented herein give a true and fair view of the state of affairs of the Company as at 31st December 2023 and the loss for the year then ended.

20. STATUTORY PAYMENTS

The Directors are satisfied that to the best of their knowledge and belief, all statutory payments due to the Government and the employees of the Company have been made up to date.

21. EVENTS AFTER THE REPORTING DATE

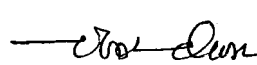
No events have occurred after the reporting date, which would require adjustments to, or disclosure in the Accounts, other than those given in Note 33 to the Financial Statements.

22. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held by way of a Written Resolution of the Sole Shareholder, in lieu of meeting in terms of Section 144 of the Companies Act No. 07 of 2007.

By Order of the Board

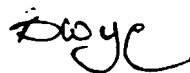
HOTEL DEVELOPERS (LANKA) LIMITED



Mr. U G Dharmadasa
Chairman



Mr. P A S A Kumara
Director



P W CORPORATE SECRETARIAL (PVT) LTD
Company Secretaries

Colombo
30th April 2024

THE AUDIT COMMITTEE REPORT

AUDIT COMMITTEE CHARTER

Audit Committee operates as a Sub-Committee of the Board of Directors in terms of the mandates given in the Audit Committee Charter to examine any matters relating to the financial affairs of the Company and to review and monitor the financial reporting.

ROLE OF THE AUDIT COMMITTEE

Audit Committee acts as an effective forum to assist the Board of Directors in discharging their responsibilities on ensuring proper systems of Internal Control are in place both in terms of decision making as well as in operations to address the Risk management process and quality of financial reporting covering the following: -

Integrity of Company's Financial Statements and the Company's system of Internal Auditing and Financial Controls.

Performance of Internal Auditor.

Annual Independent Audit of Company's Financial Statements.

Impartial review of the reports of internal and external audits and taking into consideration findings and recommendations.

Compliance by the Company with statutory requirements.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee consists of 3 Non Executive Directors and the constitution of the Audit Committee during the year was as follows:

Upto 6th April 2023 were as follows :-

Mr. V. Kanagasabapathy	Chairman
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Mr. P.A.S.A. Kumara	Member
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Mr. P.H.P. Deniyaya	Member
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The Audit Committee was reconstituted with effect from 28th June 2023 as follows:

Mr. P.A.S.A. Kumara	Chairman
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Mr. P.H.P. Deniyaya	Member
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Mr. M.S. Wattegama	Member
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Mr. V. Kanagasabapathy, is a Retired Director General of Public Enterprises, General Treasury counts over 40 years of service in the public sector and was the Financial Management Reform Coordinator in the Ministry of Finance & Planning. Holds a Master's Degree in Public Administration from Harvard University and is a Chartered Public Finance Accountant, London. He is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Association of Public Finance Accountants of Sri Lanka, and Institute of Certified Management Accountants of Sri Lanka.

Mr. P.A. S. A. Kumara joined the Public Service in 1991 as an Audit Examiner in Auditor General's Department and joined the Department of Public Enterprises, Ministry of Finance

in 2007. Currently he is the Director General in Department of Public Enterprises. He holds a B. Sc Management (Public Admin.) (Special) degree holder from the University of Sri Jayawardenapura and in 2015 obtained his Masters degree in Business Studies in University of Colombo. Mr. Athula Kumara is a Class 1 Officer of Sri Lanka Accounts' Services and a member of Chartered Public Accountant in the Institute of Chartered Accountants of Sri Lanka.

Mr. Priyanatha Deniyaya is currently practicing as an Attorney at-Law, as a Counsel in the Criminal Private Bar of the Colombo High Court since year 2000, specializes in Defense Counselling.

Mr. Madawa Wattegama is a highly accomplished professional with a diverse background in Government Affairs, International Relations and Computer Studies. Currently serving as the Secretary to the State Minister of Urban Development and Housing, he has held influential positions in both the public and private sectors. In the private sector, he has functioned as Chairman - Independence Holdings, Silverbird International and Tronic Entertainment, where has demonstrated exceptional leadership and strategic vision in driving the success of these organizations.

AUDIT COMMITTEE MEETINGS

During the year ended 31st December 2023, the Audit Committee had 5 meetings. The Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, Accountant of the Company, General Manager & Director Finance of Hilton Colombo, representatives of the Auditor General and Management Auditors of Hilton Colombo attended the Audit Committee Meetings by invitation where required.

Following the re constitution of the Audit Committee, Mr V Kanagasabapathy, attends the Audit Committee Meetings by invitation pursuant to a decision taken by the Board of Directors of the Company, in April 2023.

EXTERNAL AUDITORS

With the enactment of the 19th & 20th Amendment to the Constitution and the National Audit Act No 19 of 2018, the Auditor General continues to be the external Auditor of the Company. Accordingly, the Financial Statements for the year ended 31st December 2023 was audited by the Auditor General.

REVIEW OF INTERNAL CONTROL SYSTEMS

The Chief Internal Auditor of the Company carries out detail audits of the hotel operations on the basis of the Audit Plan approved by the Audit Committee. Internal Audit performs an independent review of the system of internal controls established by the Management and to determine the extent of adherence to the controls by the staff responsible for the function addressing the risk management process. The findings and the contents of the Internal Auditors reports are discussed with the Management and corrective measures taken on a timely manner and such reports are presented to the Audit Committee, and a synopsis of such reports and decisions of the Committee are presented to the Board of Directors.

ADOPTION OF IFRS/ SLFRS

The Company prepared its financial statements in accordance with the Sri Lanka Accounting Standards, as applicable for all periods to date.

REVIEW OF COMPLIANCE STATEMENTS.

The Committee reviewed the compliance statements to ensure that the company comply with all statutory requirements. In addition, the Committee is satisfied that the company adheres to the decision of the Board of Directors.

REVIEW OF DRAFT FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023

The draft Financial Statements for the year ended 31st December 2023 pertaining to the Company were reviewed by the Audit Committee, together with the External Auditors, Internal Auditors and the Management Auditors of the Hotel Hilton Colombo. The Audit Committee was provided with confirmations and declarations as required, by the Chief Financial Officer. The Audit Committee review facilitated that the said Financial Statements to be prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act, No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safe guard the Company's assets and financial position and the results disclosed in the audited accounts are free from any material mis-statements.


P A S A Kumara

Chairman Audit Committee

30th April 2024

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

TIP/C/HDL/FA/2023/06

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

12 June 2024

1. FINANCIAL STATEMENTS

1.1 OPINION

The audit of the financial statements of the Hotel Developers (Lanka) Ltd ("Company") for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information included in the Company's 2023 Annual Report.

The other information comprises the information included in the Company's 2023 Annual Report, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether

the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2023 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards



Independent Auditor's Report

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No. 19 of 2018 and Companies Act, No 07 of 2007 include specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements of the Company Comply With the requirement of section 151 of the Companies Act, No. 07 of 2007.

2.1.3 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.4 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No.19 of 2018.



W.P.C. Wickramaratne
Auditor General

STATEMENT OF COMPREHENSIVE INCOME

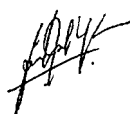
For the 12 Months Ended 31st December 2023		12 Months 31.12.2023 Rs. '000	12 Months 31.12.2022 Rs. '000
	Notes		
Revenue	05	4,228,100	2,887,267
Cost of sales		(2,445,618)	(1,825,497)
Gross profit		1,782,482	1,061,770
Other gains and losses	06	13,175	206,589
Administrative Expenses		(867,590)	(743,338)
Sales & Marketing Expenses		(148,227)	(112,621)
Other expenses		(616,505)	(302,759)
Operating Profit Before Depreciation		163,335	109,641
Depreciation		(367,193)	(371,065)
Operating Profit After Depreciation		(203,858)	(261,425)
Finance Income	07	18,037	18,162
Finance Charges	08	(598,546)	(389,502)
Profit/(loss) before taxation	09	(784,367)	(632,764)
Income Tax Expense	10	95,654	(252,358)
Profit/(loss) After Taxation for the Period		(688,713)	(885,122)
Other Comprehensive Income			
Revaluation surplus - net of tax		704,527	-
Actuarial Gain/ (Loss) on employee benefit obligations		(31,688)	2,970
Total comprehensive Income/ (Expense) for the period		(15,874)	(882,152)
Earnings Per Share - Basic (Rs.)	11	(0.01)	(0.43)

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st December 2023		31.12.2023	31.12.2022
	Notes	Rs. '000	Rs. '000
Assets		Rs. '000	Rs. '000
Non-Current Assets			
Property, Plant & Equipment	12	11,553,379	6,929,402
Leasehold Land	13	6,215,377	6,261,798
Capital Work-in-Progress		1,705,375	2,600,378
Total Non-Current Assets		19,474,132	15,791,578
Current Assets			
Inventories	14	97,317	132,604
Trade and Other Receivables	15	230,330	141,894
Amount Due From Related Parties	16	18,462	8,988
Other Assets	17	409,413	828,764
Current Financial Assets	18	61,947	26,296
Cash and Bank Balances	19	275,356	299,651
Total Current Assets		1,092,826	1,438,197
Total Assets		20,566,958	17,229,775
Equity and Liabilities			
Shareholders' Equity			
Stated Capital	20	20,466,456	20,466,456
Revaluation Surplus		2,157,505	1,452,978
Reserves	21	-	178,230
Accumulated Loss		(10,357,070)	(9,814,896)
Total Equity		12,266,891	12,282,768
Non-current Liabilities			
Interest Bearing Loans and Borrowings	22	3,067,766	2,000,000
Retirement Benefit Obligations	23	117,656	77,467
Deferred Tax Liability	24	1,480,613	633,891
Right to Use - Lease Land Liability	13	24,645	-
Total Non-Current Liabilities		4,690,679	2,711,358
Current Liabilities			
Trade and other payables	25	1,156,625	744,286
Amount due to related parties	26	215,996	100,809
Contract Liabilities	27	226,786	179,444
Interest Bearing Loans and Borrowings	22	58,333	-
Right to Use - Lease Land Liability	13	4,446	4,806
Retention Fees - Refurbishment Project		162,012	57,559
Bank overdraft		1,785,189	1,148,746
Total Current Liabilities		3,609,387	2,235,650
Total Liabilities		8,300,066	4,947,008
Total Equity and Liabilities		20,566,958	17,229,775
Net Assets per share - (Rs.)	28	5.99	6.00

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

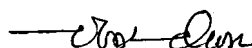


Jude Wickramaratne
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board on 30th April 2024.



Mr. P A S A Kumara
Director



Mr. Upul Dharmadasa
Chairman

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the 12 Months Ended 31st December 2023	Stated Capital	Revaluation Surplus	Furniture, Fittings & Equipment Replacement Reserves	Accumulated Loss	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st January 2022	20,466,456	1,452,978	53,803	(8,808,317)	13,164,920
Profit / (Loss) for the Period	-	-	-	(885,122)	(885,122)
Actuarial gain/(loss) on employee benefit obligations, net of taxes - loss	-	-	-	2,970	2,970
Replacement of furniture, fittings & equipment Reserve	-	-	148,689	(148,689)	-
Transfers to furniture, fittings & equipment reserve	-	-	(24,262)	24,262	-
Balance as at 31st December 2022	20,466,456	1,452,978	178,230	(9,814,896)	12,282,768
Profit / (Loss) for the period	-	-	-	(688,713)	(688,713)
Actuarial Gain/(Loss) on Employee Benefit Obligations, net of taxes - loss	-	-	-	(31,688)	(31,688)
Revaluation Surplus (net of tax)	-	704,527	-	-	704,527
Replacement of Furniture, Fittings & Equipment	-	-	-	-	-
Transfers to Furniture, Fittings & Equipment Reserve	-	-	(178,228)	178,228	-
Balance as at 31st December 2023	20,466,456	2,157,505	-	(10,357,070)	12,266,891

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the 12 Months Ended 31st December 2022		31.12.2023	31.12.2022
		Rs. '000	Rs. '000
Profit / (Loss) before taxation		(784,367)	(632,764)
Adjustment for			
Depreciation	12	291,682	294,897
Land Amortization	13	75,511	76,168
Changes in Impairment of Debtors	15	7,643	649
Provision for Defined Benefit Plans	23	22,462	20,135
Provision for Breakages	25	4,647	6,868
Interest Expenses	8	598,546	389,574
Unrealized Exchange (Gain)/Loss	6	(2,955)	(7,745)
Profit on Sale of Property, Plant & Equipment	6	(3,188)	(19,083)
Interest Income	7	(18,037)	(18,162)
Operating Profit Before Working Capital Changes		191,943	110,537
(Increase)/ Decrease in Inventories	14	35,287	(79,570)
(Increase) / Decrease in Receivables	15	(96,078)	(67,803)
(Increase) / Decrease in Amount Due From Related Parties	16/26	105,713	67,587
(Increase) / Decrease in Other Assets	17	(50,641)	(566)
Increase / (Decrease) in Trade & Other Payables	25	89,961	344,561
Increase /(Decrease) in Contract Liabilities	27	47,342	21,330
Cash generated from operations		323,527	396,075
Income Tax Paid	29	(254)	-
Payment of Retirement Benefits	23	(13,963)	(37,680)
Net cash generated from operating activities		309,310	358,395
Cash Flows from Investing Activities			
Purchase of property, plant & equipment	12	(193,842)	(5,231)
Net Change in Right to Use - Lease Land Liability	13	(4,806)	(5,458)
Investment in Capital Work-in-Progress		(1,289,918)	(618,663)
Proceeds from sale of property, plant & equipment		5,625	24,117
Interest income received	7	18,037	18,162
Net cash used in investing activities		(1,464,904)	(587,072)
Cash Flows from Financing Activities			
Repayment of long term borrowings	22	(500,040)	(16,600)
Proceeds from long term borrowings	22	1,626,139	901,628
Finance Cost	8	(598,546)	(387,031)
Net cash used in financing activities		527,553	497,997
Net Increase/(Decrease) in Cash & Cash Equivalents		(628,042)	269,322
Cash & Cash Equivalents at the Beginning of the Year (Note 30)		(822,799)	(1,099,864)
Unrealized Exchange Gain /(Loss) on USD Savings Deposits		2,955	7,746
Cash & Cash Equivalents at the End of the Year		(1,447,886)	(822,799)

The accounting policies and notes from 1 to 38 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TWELVE MONTHS ENDED 31ST DECEMBER 2022

1. CORPORATE INFORMATION

1.1. General

Hotel Developers (Lanka) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business of the company are located at No. 02, Sir Chittampalam Gardiner Mawatha, Colombo 2.

1.2. Principal Activities and Nature of Operations

Hotel Developers (Lanka) Ltd is engaged in the business of hospitality trade, owning Hilton Colombo Hotel.

1.3. Date of Authorization for Issue

The financial statements were authorized for issue by the Board of Directors on 30th April 2024

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The financial statements of the company (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) are prepared by Sri Lanka Accounting Standards, commonly referred to as SLFRS as issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

2.2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following material item in the statement of financial position:

- Property, Plant, and Equipment which were subsequently measured at fair value.
- Liability of defined benefit obligation is recognized at the present value of the defined benefit obligation.

2.3. Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency and presentational currency. All financial information presented in Sri Lanka Rupees is rounded to the nearest rupee unless otherwise stated.

2.4. Comparative Information

The accounting policies have been consistently applied by the Company with those of the previous financial by LKAS 01 - presentation of financial statements.

5. Materiality & Aggregation

In compliance with LKAS 01 on the presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are presented separately, if they are material as permitted by the Sri Lanka Accounting Standard

- LKAS 1 on 'Presentation of Financial Statements and amendments to the LKAS 1 which was effective from January 01, 2020.

2.6 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

3. ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year except for changes in accounting policies stated in note 3.1.

Comparative information

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

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of the previous period in the Financial Statements. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

SLFRS 16 Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor accounting remains similar to current practice. This supersedes LKAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 Operating Leases- Incentives; and SIC 27 Evaluating the Substance of Transactions Involving the Legal form of a Lease. Earlier application is permitted for entities that apply SLFRS 15 Revenue from Contracts with customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Land lease rights of UDA Car Park of Hilton Colombo will have an impact when adopting SLFRS 16 with effect from 1 January 2019.

3.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of financial statements requires the application of certain critical accounting assumptions

Notes to the Financial Statements

TWELVE MONTHS ENDED 31ST DECEMBER 2022

relating to the future. Further, it requires the management of the Company to make judgments, estimates, and assumptions that affect the reported amounts of income, expenses, assets, 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 in future periods. Hence, experience and results may differ from these judgments and estimates.

In the process of applying the company's accounting policies, management has made the following judgments, estimates, and assumptions which have the most significant effect on the amounts recognized in the financial statements:

a) Taxation

The Company is subject to income taxes and other taxes including value-added taxation and Social Security Contribution Levy. Significant judgment was required to determine the total provision for current, deferred, and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the imposition of taxes. Uncertainties exist, concerning the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Company recognized assets and liabilities for current, deferred, and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income, deferred, and tax amounts in the period in which the determination is made.

b) Revaluation of Property, Plant, and Equipment.

The Property, Plant, and Equipment of the Company are reflected at fair value. When current market prices of similar assets are available, such evidence is considered in estimating the fair values of these assets. In the absence of such information the Company determines within reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of an independent professional valuer.

c) Useful lifetime of the Property, Plant, and Equipment

The Company reviews the residual values, useful lives, and methods of depreciation of assets at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, and methods and hence they are subject to uncertainty.

d) Going Concern

The Directors have assessed the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on a going concern basis.

e) Impairment Losses on Financial Assets

The company assesses at each reporting date or more frequently to determine whether there is any objective evidence of whether an impairment loss should be recorded in the statement of comprehensive income.

f) Defined Benefit Plans

The cost of defined benefit plans is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions, and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the yield of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and the expected future salary increase rate of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in preparation for its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

4.1 Revenue Recognition

(i) Revenue from Contracts with Customers

The Hotel is in the business of providing hospitality and leisure services.

Revenue from contracts with the Customer is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Hotel expects to be entitled in exchange for these goods and services.

The Hotel has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Management has assessed the impact of applying SLFRS 15 as disclosed below:

(a) Rendering of services

Revenue from the rendering of services is recognized when performance obligations are satisfied over some time.

Room revenue is recognized on the rooms occupied daily and food and beverage revenue is accounted for at the time of sale. (i.e. when performance obligation is satisfied). Other Hotel Related Revenue is accounted for when such service is rendered.

(ii) Interest

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income on the non-financial assets is included in the FF&E reserve. All other interest income is included in finance income.

(iii) Shop Rental Income

Shop Rental income is recognized on an accrual basis.

Turnover based taxes

Turnover-based taxes include Value Added Tax, Tourism Development Levy, and Social Security Contribution Levy. The hotel's taxes are by the respective statutes.

Other income

Other income is recognized on an accrual basis.

4.2 Expenditure Recognition

Expenses are recognized in the statement of comprehensive income based on a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running the business and in maintaining property, plant, and equipment in a state of efficiency has been charged to the statement of comprehensive income.

For presentation of the statement of comprehensive income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income.

4.3 Taxation**4.3.1 Current Tax**

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as of the reporting date.

4.3.2 Deferred Tax

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

Deferred tax assets are recognized for all deductible differences. Carry forward of unused tax credits and unused tax losses, to the extent that taxable profits will probably be available against which the deductible temporary differences

and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

4.4 Non-financial Asset**4.4.1 Property, Plant, and Equipment****a) Recognition and Measurement****At Initial Recognition**

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably by LKAS 16 - property, plant & equipment. Initially property and equipment are measured at cost net of accumulated depreciation and accumulated impairment loss, if any. Such cost includes the cost of replacing parts of the Property, Plant, and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant, and Equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognized in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

At Subsequent Measurement

All Property, Plant, and Equipment are subsequently measured at fair value less accumulated depreciation, and such valuation are carried by external independent valuers. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognized in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the Income Statement, in which case the increase is recognized in the Income Statement. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal or de-recognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost.

Notes to the Financial Statements

TWELVE MONTHS ENDED 31ST DECEMBER 2022

Subsequent Cost

Subsequent expenditure incurred to acquire, extend, or improve assets of a permanent nature by means of which to using the business or to increase the earning capacity of the business is treated as capital expenditure, and such expenses are recognized in the carrying amount of an asset. The costs associated with the day-to-day servicing of property, plant, and equipment are recognized in the statement of comprehensive income as incurred.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Depreciation is charged from the date of purchase to the date of disposal on prorated basis. The rates of depreciations based on the estimated useful lives are as follows:

Category of asset	%
Buildings	1.82
Plant and machinery	7.50
Refrigerators & kitchen equipment	7.50
Computers & televisions	20.00
Motor vehicles	25.00
Furniture, fittings & equipment	10.00
Operating Equipment	33.00

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

De-recognition

Property, plant, and equipment are derecognized on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'other operating income' in the statement of comprehensive income in the year the asset is derecognized. The revaluation surplus included in the equity in respect of an item of Property, Plant and Equipment is transferred directly to equity when the assets in de-recognized.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

4.4.2 Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value fewer costs to selling and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount

of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value and lower costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Income Statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

4.4.3 Fair Value Measurement

The Company measures all Property, Plant, and Equipment at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place

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

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

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

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

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

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

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

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

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

The Company's management determines the policies and procedures for both recurring fair value measurements. External valuers are involved in the valuation of Property, Plant, and Equipment. The involvement of external valuers is decided by the management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

4.5 Prepaid Lease Rental

The leasehold lands are amortized on an equal annual basis over the period of the lease and charged to the Income Statement on a straight-line basis over the period of the lease.

4.6 Inventories

Inventories are valued at the lower cost and estimated net realizable value, after making due allowances for obsolete and slow-moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for the cost of realization and/ or cost of conversion from their existing state to saleable condition.

The cost of each category of inventory is determined on a weighted average basis.

4.7 Financial Assets – Recognition and Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(a) Initial Recognition and measurement

Financial assets are classified at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Hotel's business model for managing them. Except for trade receivable that does not contain significant financing components for which Hotel has applied the practical expedient, the Hotel initially measures a

financial asset at its fair value plus, in the case of a financial asset not a fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component for which the Hotel has applied the practical expedients measured at the transaction price determined under SLFRS 15.

For a financial asset to be classified and measured at amortized cost or fair value through OCI it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding.

The Hotel's business model for managing financial assets refers to how it manages financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows selling the financial assets or both.

Purchases or sales of financial assets that require delivery of financial assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Hotel commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- i. Financial assets at amortized cost (debt instruments)
- ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- iv. Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Hotel. The Hotel measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model to hold financial assets to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The Hotel's financial assets at amortized cost include cash and bank balances, short-term investments, the amount due from related parties, trade receivables, and non-current investments.

The Hotel does not classify financial assets at fair value through OCI (debt instruments) and financial assets at fair value through OCI (equity instruments) and financial assets at fair value through profit or loss.

Notes to the Financial Statements

TWELVE MONTHS ENDED 31ST DECEMBER 2022

(c) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired Or
- The Hotel has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Hotel has transferred substantially all the risks and rewards of the asset, or
 - (b) the Hotel has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

When the Hotel has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Hotel continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Hotel also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Hotel has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Hotel could be required to repay.

(d) Impairment

The Hotel recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due by the contract and all the cash flows that the Hotel expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Hotel applies a simplified approach to calculating ECLs. Therefore, the Hotel does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Hotel has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans,

borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Hotel's financial liabilities include trade and other payables, amounts due to related parties including bank overdrafts.

The hotel does not have financial liabilities at fair value through profit and loss and derivative financial instruments.

(b) Subsequent measurement

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

Loans and borrowings

This is the category most relevant to the Hotel. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

(c) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

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

4.8 Cash and Bank Balances

Cash and bank balances are defined as cash in hand and balances with banks. For a statement of cash flows, cash, and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

4.9 Stated Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources

received or receivable, net of the direct costs of issuing the equity instruments.

4.10 Retirement Benefit Obligations

4.10.1 Defined Benefit Plan – Gratuity

The liability recognized in the statement of financial position represents the present value of the defined benefit obligation at the reporting date estimated based on actuarial valuation using the projected unit credit method. Actuarial valuations involve making assumptions about discount rates and future salary increases. A defined benefit obligation is highly sensitive to changes in these assumptions. These benefits are not externally funded.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in the other comprehensive income.

However, as per the Payment of Gratuity Act No. 12 of 1983, the liability to pay gratuity arises only on completion of 5 years of continued service.

4.10.2 Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of comprehensive income as in the periods during which services are rendered by employees.

a) Employees' Provident Fund

The company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

b) Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

4.11 Financial Liabilities

4.11.1 Initial Recognition and Measurement

The Company classifies financial liabilities into financial liabilities at Fair Value through Profit or Loss (FVTPL) or other financial liabilities by the substance of the contractual arrangement and the definitions of financial liabilities.

The Company recognizes financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the financial liability.

a) Financial Liability at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading or designated as such upon initial recognition. After initial recognition, financial liabilities at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

Upon initial recognition, transaction cost directly attributable to the acquisition is recognized in profit or loss as incurred. The criteria for the designation of financial liabilities at FVTPL upon initial recognition are the same as those of financial assets at FVTPL.

b) Other Financial Liabilities

Other financial liabilities including deposits, debt issued by the Company, and the other borrowed funds are initially measured at fair value less transaction cost that is directly attributable to the acquisition and subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

4.11.2 De-recognition of Financial Liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

4.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and an outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

4.13 Statement of Cash Flows

The cash flow statement has been prepared using the indirect method, as stipulated in LKAS 7- statement of cash flows. Cash and cash equivalents comprise cash in hand, cash at the bank, and bank overdrafts.

4.14 Segmental Information

A Segment is a distinguishable component engaged in providing services that are subject to risks and returns that are different from those of other segments. The Company does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

4.15 Standards Issued But Not Yet Effective

The company has adopted all the relevant standards and interpretations that are issued as of 31 December 2023.

Notes to the Financial Statements

TWELVE MONTHS ENDED 31ST DECEMBER 2022

	31.12.2023 Rs. '000'	31.12.2022 Rs. '000'
5. REVENUE FROM CONTRACTS WITH CUSTOMERS		
5.1. Gross Revenue from contracts with customers	4,270,705	2,916,464
Less : Tourism Development Levy	(42,605)	(29,197)
Net Revenue from contracts with customers	4,228,100	2,887,267

Value added tax of Rs. 720 Mn (2022 - Rs. 382Mn) has been deducted in arriving at Revenue.

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
5.2. Revenue		
Room Revenue	1,137,293	666,637
Food and Beverage Revenue	3,034,962	2,185,005
Other operating departments	55,845	35,625
	4,228,100	2,887,267
6. OTHER GAINS AND LOSSES		
Profit on disposal of plant & equipment	3,188	19,083
Shop Rentals	15,673	7,197
Exchange Gain / (Loss) Unrealized	2,955	7,745
Exchange gain realized	(13,668)	167,094
Sundry Income	5,027	5,470
	13,175	206,589
7. FINANCE INCOME		
Interest income - Loans and receivables		
Interest on Treasury Bills	961	425
Interest on Staff Loans	609	4
Interest on RFC Accounts	409	4,100
Interest on Fixed Deposits	2,507	9,055
Interest income on FF&E Replacement Reserve	13,551	4,578
	18,037	18,162
8. FINANCE COSTS		
Overdraft Interest	296,254	225,754
Term Loan Facility	299,097	161,206
Interest on Right to Use Lease	3,195	2,542
	598,546	389,502

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
9. PROFIT FOR THE PERIOD		
Profit for the period is stated after charging all expenses including the following:		
Directors' emoluments	18,806	3,575
Auditors' remuneration - Company	1,200	1,200
- Colombo Hilton	2,240	2,018
Depreciation	367,193	371,065
Staff costs (including the following employee benefit plan costs)	606,880	562,147
- Defined benefit plan cost - Gratuity	22,462	20,135
- Defined contribution plan costs - EPF & ETF	75,780	68,136
Management fees	-	-
Group service & benefit charge - Hilton International	85,008	58,117
Legal fees	6,337	4,175
SSCL Expenses	118,651	29,784
10. INCOME TAX EXPENSE		
Provision for the period	-	654
Under/(Over) Provision adjustments from previous years	(17,731)	-
Tax Credit Write off	-	13,951
Deferred tax (Income) Expense	(77,923)	237,753
	(95,654)	252,358

Company will be liable to pay tax at the rate of 30% for the year 2023 (2022 - 30%).

The rate of 30% has been used for deferred tax and the resultant impact has been recognized in the statement of the comprehensive income.

10.1. A reconciliation between Taxable profit and Accounting Profit for the Years Ended 31st December 2023 and 31st December 2022 are as follows

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Accounting Profit Before Income Tax	(784,367)	(632,764)
Aggregate Disallowed Items	383,315	392,211
Aggregate allowable Expense	(594,660)	(480,929)
Trading Profits and Other Sources of Income @ 30%	(995,712)	(721,482)
Other sources of Income Liable @ 30%	-	2,724
Total Taxable Profit	-	2,724
Taxable Profit	-	2,724
Taxable other source of Income @ 30%	-	654
Current Year Total Tax Expense	-	654

Notes to the Financial Statements

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
10.2. Deferred tax		
Deferred tax arising from:		
- Origination and reversal of temporary difference (Note 24)	(77,923)	237,753
Total deferred tax charge	(77,923)	237,753
10.3. Tax losses carried forward		
Tax losses carried forward	13,057,369	12,308,628
Tax losses incurred during the year	995,712	748,741
Tax losses set off in the current period - from Investment Income	(14,246)	-
Expired loss - 2018/2019	(9,957,362)	-
Tax losses carried forward for future periods	4,081,473	13,057,369

11. EARNING PER SHARE - BASIC

Basic earning per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the ordinary shares outstanding during the year.

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Profit per ordinary share	(0.01)	(0.43)
Amount used as the Numerator	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Profit attributable to the ordinary shareholders	(15,874)	(882,152)
Amount Used as the Denominator	Nos. '000	Nos. '000
Weighted average number of ordinary shares for the purpose of basic profit per share	2,046,646	2,046,646

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land Rs. '000	Plant & machinery Rs. '000	Hotel furniture & fittings Rs. '000	Motor vehicle Rs. '000	Refrigerator & kitchen equipment Rs. '000	Television & computers Rs. '000	Operational Equipment Rs. '000	Total Rs. '000
Cost/ Revaluation								
Balance as at 31st December 2021	7,621,655	404,002	569,644	56,020	474,750	51,440	151,330	9,328,841
Disposal	-	(40)	(5,714)	-	(100)	(572)	-	(6,426)
Additions during the year		3,803	236	-	-	1,192	-	5,231
Transfer to WIP	(1,498,080)							(1,498,080)
Balance as at 31st December 2022	6,123,575	407,765	564,166	56,020	474,650	52,060	151,330	7,829,567
Disposal			(2,272)		(593)	(978)	-	(3,844)
Additions during the year	48,754	10,315	52,266	-	3,844	29,260	49,403	193,842
Transfer from WIP	3,208,684		204,743					3,413,426
Revaluation Gain	1,396,705	-	-	107,785	-		124,683	1,629,173
Transfer to WIP	(318,342)							(318,342)
Transferred to Revaluation Reserve	(486,616)			(56,020)			(142,216)	(684,852)
Balance as at 31st December 2023	9,972,759	418,080	818,903	107,785	477,901	80,342	183,200	12,058,970
Accumulated Depreciation								
Balance as at 31st December 2021	267,951	42,993	110,790	28,010	61,768	20,028	75,121	606,661
Charge for the year	97,678	30,546	56,400	14,005	35,608	10,218	50,443	294,897
Disposal	-	(6)	(1,143)	-	(15)	(229)	-	(1,393)
Balance as at 31st December 2022	365,629	73,533	166,047	42,015	97,361	30,017	125,564	900,166
Charge for the year	120,987	30,862	61,167	14,005	35,678	12,331	16,652	291,682
Disposal	-		(682)		(133)	(585)		(1,400)
Transferred to Revaluation Reserve	(486,616)			(56,020)			(142,216)	(684,852)
Balance as at 31st December 2023	-	104,394	226,531	-	132,905	41,760	-	505,592
Written Down Value								
Balance as at 31st December 2021	7,353,704	361,009	458,854	28,010	412,982	31,412	76,209	8,722,180
Balance as at 31st December 2022	5,757,946	334,232	398,119	14,005	377,289	22,043	25,766	6,929,402
Balance as at 31st December 2023	9,972,759	313,686	592,372	107,785	344,995	38,582	183,200	11,553,379

Hotel Developers (Lanka) Ltd has full possession and control of the property, plant & equipment of the hotel.

12.2. A bridge was constructed in 1998 linking the World Trade Centre and Hilton Hotel at a cost of USD 360,000. Overseas Realty Ltd and Hilton International contributed US \$ 180,000 and US \$ 90,000 respectively, and the company contributed the balance amount. USD 90,000 incurred by the company has been capitalized in the financial statements under buildings.

12.3. The Company uses the revaluation model of measurement for property, plant and equipment (PPE) effective from 31st December 2019. The Fair Value of the Building, Motor Vehicles & Operating Equipment was determined by means of revaluation during the Financial year 2023 by G.W.G. Abeygunawardene, an accredited independent valuer, to determine the fair value of company owned PPE. Fair value is determined by reference to market-based evidence. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property, all of which falls under level 3 of the fair value measurement hierarchy. The date of the valuation was 31st December 2023.

Property	Method of valuation	Effective date of valuation	Property Valuer
Buildings (Extent - 445,175 Sq. ft.) No.02, Sir Chittampalam A Gardiner Mawatha Colombo 02 and other movable assets	Based on depreciated replacement cost approach	31st December 2023	Mr. G.W.G. Abeygunawardene, Chartered Valuation Surveyor

Notes to the Financial Statements

If the PPE is presented at Cost less depreciation, the carrying value would be as follows:

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Cost	17,158,765	13,551,496
Accumulated Depreciation	(7,005,220)	(6,713,538)
Writtendown Value	10,153,545	6,837,958

13. LEASEHOLD LAND

	Main Property 99 Year Lease Rs. '000	Shop at Dutch Hospital Rs. '000	Total Rs. '000
Balance as at 31. 12. 2021	6,327,702	10,264	6,337,966
Amortisation	(70,710)	(5,458)	(76,168)
Balance as at 31. 12. 2022	6,256,992	4,806	6,261,798
Amortisation	(70,705)	(4,806)	(75,511)
Addition	-	29,091	29,901
Balance as at 31. 12. 2023	6,186,287	29,091	6,215,377

The leasehold land is for a period of 99 years effective from 28th June 2012. The leasehold land value amounting to Rs. 7 Bn. has been capitalized and shares issued to the Government of Sri Lanka. Further, approval of Cabinet of Ministers was granted on 3rd October 2012 to lease the land in which the Sport Complex is built for a period of 5 years with a nominal rent of Rs 50,000/- commencing from 28th June 2012. In terms of the cabinet decision dated 13/12/2016, the lease of this land has been extended up to June 2111 in line with the lease of the main building by a further Cabinet Decision dated 03rd March 2022, it has been decided that the lease premium of Rs, 4,440 Mn which is the total lease premium for the period, will be deferred until such time a sub-lease agreement is finalized as part of the capital restructure of the company.

Further, the company has leasing arrangement with UDA for the 52 perch land adjacent to the hotel for the use of car park facility renewable every 5 years effective from 01st January 2020. The provision has been made for the next 5 years until such time the valuation is concluded based on the actual lease premium paid during the last 5 years. Provision will be adjusted upon receiving the valuation and the renewed lease agreement.

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
14. INVENTORIES		
Food	32,200	56,050
Beverages	56,516	60,996
General stores	8,600	15,558
	97,317	132,604

15. TRADE AND OTHER RECEIVABLES

Trade receivables	240,521	144,443
Less: Impairment of debtors	(10,192)	(2,549)
	230,330	141,894

16. AMOUNTS DUE FROM RELATED PARTY

Hilton Colombo Residence	5,309	4,091
Hilton Weerawila	6,803	4,785
Hilton Yala	4,277	112
Hilton Kuala Lumpur	2,031	-
Hilton Shah Alam 1-City	42	-
	18,462	8,988

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
17. OTHER ASSETS		
Deposits, prepayments and advances	116,003	63,128
Other receivables	64,615	71,115
Advances - Refurbishment Expenses	194,941	682,663
Income tax receivable - Note 29	33,855	11,858
	409,413	828,764
18. CURRENT FINANCIAL ASSETS		
Short-term investments		
Call deposits	836	836
Debt Services Reserve (DSR) - A/C	61,111	-
Repo Bank Of Ceylon	-	15,016
Fixed Deposit - BOC	-	10,444
Total Short-term investment	61,947	26,296
19. CASH AND BANK BALANCES		
Foreign Currency Savings	113,297	242,521
FFE Reserve A/C (Savings A/C)	112,249	49,989
Debt Services Reserve (DSR) - A/C	36	-
Cash & Operating Bank A/C	49,774	7,141
	275,356	299,651

The year end balance in the foreign currency saving account has been translated to functional currency of Sri Lankan Rupees at the closing rate as at Balance Sheet date in terms of the accounting standards.

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
20. STATED CAPITAL		
Issued and Fully Paid		
2,046,645,685 Ordinary shares	20,466,456	20,466,456

The Secretary to the Treasury of the Government of Sri Lanka presently holds 100% of the ordinary share capital of the Company. As per the Cabinet Decision No. 23/0431/604/046 of 14th March 2023 with respect to the Cabinet Memorandum No MF/018/CM/2023/055 dated 27th February 2023, the Cabinet of Ministers has granted its approval in principle for the divestment of Hotel Developers (Lanka) Ltd. The said divestment will be implemented by the State-Owned Enterprise Restructuring Unit (SOERU) which was established under the Ministry of Finance, Economic Stabilization, and National Policies. Presently, the expression of Interest (EOI) process has been concluded and have commenced the Request for Proposal (RFP) process by SOERU.

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
21. RESERVES		
Furniture, fittings & equipment replacement reserve (Note 21.1)	-	178,228

Notes to the Financial Statements

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
21.1 Furniture, Fittings and Equipment Replacement Reserves		
Balance at the beginning of the year	178,228	53,801
Add: Provision made during the year	-	144,109
Less: Amounts transferred to equity statement	-	4,580
Amounts utilized for purchase & replacement of furniture & fittings	(178,228)	(24,262)
Balance at the end of the year	-	178,228

An amount equivalent to USD 700,000 has been transferred to furniture, fittings & equipment reserve during the year.

22. INTEREST BEARING BORROWINGS

	2023			2022		
	Amounts due within one year	Amounts due after one year	Total	Amounts due within one year	Amounts due after one year	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Term Loan - Sampath Bank PLC	-	1,626,139	1,626,139	-	-	-
Term Loan - Peoples Bank	58,333	1,441,627	1,499,960	-	2,000,000	2,000,000
	58,333	3,067,766	3,126,099	-	2,000,000	2,000,000

Security and Repayment Terms

	Balance as at 01.01.2023 Rs. '000	New Loans obtained Rs. '000	Repayment Rs. '000	Balance as at 31. 12. 2023 Rs. '000
22.1 Term Loans				
Term Loan - Peoples Bank	2,000,000	-	(500,040)	1,499,960
Term Loan - Sampath Bank	-	1,626,139	-	1,626,139
	2,000,000	1,626,139	(500,040)	3,126,099

Financial Institution	People's Bank	People's Bank
Nature of the facility	Term Loan	Post Covid Term Loan Facility
Amount	Rs.1,500 Mn	Rs. 1.626 Mn
Rate of interest	AWPLR +1.5%	AWPLR +1.5%
Security	Property Morgaged	Property Morgaged
Repayment period	7 Years	7 Years

Primary concurrent mortgage bond was executed for Rs. 3,050 Mn in March 2023 favour of Sampath Bank PLC over the leasehold rights of the Hilton Colombo Hotel Property ranking equal and pari-passu with existing primary Mortgage executed in favor of Peoples Bank. The total banking facility from Sampat Bank comprises of an Overdraft facility of Rs. 600Mn and a term loan of Rs. 2,450Mn which includes partial settlement of Peoples Bank existing loan by Rs. 500Mn.

As per the primary concurrent mortgage bond which was executed in favour of Sampath Bank PLC on 28th March 2023, a new term loan facility of Rs. 2,450Mn was granted with 2 year grace period to partly finance the ongoing refurbishment project and partial settlement of Peoples Bank existing loan by Rs. 500Mn. Accordingly, repayment of next capital installments of both facilities will fall due only in 2025.

23. RETIREMENT BENEFIT OBLIGATIONS

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Balance at the beginning of the year	77,467	97,982
Charge for the year	8,131	9,151
Recognition of transitional liability /(asset) and actuarial loss/(gain)	8,648	(2,970)
Loss/ (gain) arising from changes in the assumptions or due to (over)/under provisions in the previous years	23,041	-
Interest cost for the year	14,332	10,984
Payments made during the year	(13,963)	(37,680)
Balance at the end of the year	117,656	77,467

The retirement benefit obligation of the company is based on the actuarial valuation carried out by Messrs. Piyal S. Goonetilleke and Associates. All assumptions remain the same, except for the discount rate assumption and the annual basic salary increase and No material change is expected in the contribution to the defined benefit plan for the next annual reporting period. The discount rate was revised to 14% (vs 18.50% last year) to reflect the yield rates of the Treasury Bonds. The principal assumptions used in determining the cost of employee benefits were:

	31.12.2023	31.12.2022
Discount rate	14.00%	18.50%
Future salary increase	6.00%	6.00%
Retirement Age	60 Years	60 Years

Sensitivity & maturity profile	Discount Rate		Salary Increment	
	2023	2022	2023	2022
Increase by one percentage point	(5,957)	(3,383)	6,632	3,390
Decrease by one percentage point	6,551	3,687	(6,110)	(3,609)

Maturity Analysis of the payments as at - Undiscounted

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
With in next 12 Months	1,137	-
Between 1 and 2 years	7,383	7,980
Between 2 and 5 years	35,558	31,712
Between 5 and 10 years	135,450	74,080
Total Expected payments	179,529	113,772

Weighted average duration of defined benefit obligation is 6.1 Years (2022 -4.4 years)

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
24. DEFERRED TAX LIABILITY		
Balance at the beginning of the year	633,891	396,138
Deferred tax net expense/(income)	846,722	237,753
Balance at the end of the year	1,480,613	633,891

Notes to the Financial Statements

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
24.1 The closing deferred tax liability balance relates to the following:		
Accelerated depreciation/Revaluation Surplus for tax purposes	2,642,030	1,770,054
Retirement benefit obligation	(35,297)	(23,240)
Impairment of Debtors	(2,293)	195
Deferred tax asset relating to utilization of brought forward tax losses	(1,123,828)	(1,113,117)
	1,480,613	633,892

The deferred tax has been calculated at the rate of 30%

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
25. TRADE AND OTHER PAYABLES		
Trade payables	342,641	394,966
Sundry creditors and including accrued expenses	451,984	100,843
Management fee payable *	(4,806)	(4,806)
Other liabilities	66,202	33,506
Replacement of breakages	16,006	11,360
Statutory payables	284,598	208,416
	1,156,625	744,286

* Negative balance represents the over payment of Management fees to Hilton International Management LLC

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
26. AMOUNTS DUE TO RELATED PARTIES		
Hilton International Asia Pacific	19,966	9,291
Hilton International LLC	163,604	91,517
Hilton Kuala Lumpur	25,565	-
Hilton Hotel management (Shangha) Co.Ltd	3,666	-
Hilton Weerawila	301	-
Hilton Colombo Residence	2,894	-
	215,996	100,809
27. CONTRACT LIABILITIES		
City Ledger Credits	68,702	51,931
Guest Advance Deposits	158,084	127,513
	226,786	179,444
28. NET ASSETS PER SHARE		
Net Assets Value (Rs)	12,266,891	12,282,768
Number of ordinary shares "000"	2,046,646	2,046,646
Net Assets per share	5.99	6.00

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
29. INCOME TAX LIABILITY		
Opening Balance	(11,858)	(26,463)
Over Provision for the period	-	654
Payment for the period	(254)	-
Under/(Over) Provision Adjustments from previous years	(17,730)	-
Tax Credit		
Economic Service Charge	-	13,951
WHT	(4,014)	-
Balance at the end of the year (Current year balance transferred to Other Assets - Note 17)	(33,855)	(11,858)
30. NOTES TO THE CASH FLOW STATEMENT		
30.1. Cash and Cash Equivalents at the Beginning of the Year		
Cash and bank balance	7,141	122,354
Call Deposits	836	110,111
FFE Reserve A/C (Savings A/C)	49,989	-
Foreign Currency Savings	242,521	-
Repo Investment	15,016	-
Fixed Deposit	10,444	-
Bank overdraft	(1,148,747)	(1,332,329)
	(822,799)	(1,099,864)
30.2. Cash and Cash Equivalents at the end of the Year		
Cash and Bank balance	49,774	7,141
Call Deposits	836	836
Debt Services Reserve (DSR) - A/C	61,111	-
FFE Reserve A/C (Savings A/C)	112,249	49,989
Debt Services Reserve (DSR) - A/C	36	-
Foreign Currency Savings	113,297	242,521
Repo Investment	-	15,016
Fixed Deposit	-	10,444
Bank Overdraft	(1,785,189)	(1,148,746)
	(1,447,885)	(822,799)

Notes to the Financial Statements

31. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31ST DECEMBER 2023

Financial assets by categories	Loans and receivables	
	31.12.2023	31.12.2022
	Rs. '000	Rs. '000
Financial instruments in current assets		
Trade and other receivables	230,330	141,894
Other assets	409,413	828,764
Amounts due from related party	18,462	8,988
Other current financial assets	61,947	26,296
Cash in hand and at bank	275,356	299,651
Total	995,509	1,305,594

Financial liabilities by categories	Financial Liabilities measured at amortized cost	
	31.12.2023	31.12.2022
	Rs. '000	Rs. '000
Financial Instruments in current liabilities		
Trade and other payables	1,156,625	744,285
Amounts due to related party	215,996	100,808
Bank overdrafts	1,785,189	1,148,746
Total	3,157,809	1,993,839

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced or liquidation sale.

The management assessed that cash in hand and at bank, short term investment, amount due from related parties, trade and other receivables, trade and other payables, amount due to related parties and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

32. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management process focuses on the unpredictability of financial risks and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is performed by the finance department under policies approved by the Board of Directors.

The principal financial instruments of the Company comprise of short term deposits, money market investments, and cash. The main purpose of these financial instruments is to raise and maintain liquidity for the Company's operations, and maximize returns on the Company's financial reserves. The Company has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

32.1. Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Hotel is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities.

"The Hotel trades only with recognized, credit worthy third parties. It is the Hotel's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Hotel's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Hotel, such as cash and cash equivalents, other non financial assets and amounts due from related parties, the Hotel's exposure to credit risk arises from default of the counterparty. The Hotel manages its operations to avoid any excessive concentration of counterparty risk and takes all reasonable steps to ensure the counterparties fulfil their obligations.

32.2. Credit risk exposure

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

In Rs. "000"	As at 31st December 2023				Total
	Cash in hand and at bank	Short term investments	Trade and other receivable	Amounts due from related parties	
Deposits with bank	-	61,947	-	-	61,947
Trade and other receivables	-	-	230,330	-	230,330
Amounts due from related parties	-	-	-	18,462	18,462
Cash in hand and at bank	163,108	112,249	-	-	275,356
Total credit risk Exposure	163,108	174,196	230,330	18,462	586,096

In Rs. '000	As at 31 December 2022				Total
	Cash in hand and at bank	Short term investments	Trade and other receivable	Amounts due from related parties	
Deposits with bank	-	26,296	-	-	26,296
Trade and other receivables	-	-	141,894	-	141,894
Amounts due from related parties	-	-	-	8,988	8,988
Cash in hand and at bank	249,662	49,989	-	-	299,651
Total credit risk Exposure	249,662	76,285	141,894	8,988	476,830

32.3. Trade and Other Receivables

In Rs. "000"		As at 31 December 2023	As at 31 December 2022
Neither past due nor impaired		193,808	122,236
	30-60	32,571	14,475
	61-90	9,311	4,443
Past due but not impaired		1,710	1,461
	91-120	-	-
	121-150	-	-
	151>	3,122	1,827
Gross carrying value		240,522	144,442
Individually assessed impairment provision		(10,192)	(2,549)
Total		230,330	141,894

32.4. Amounts Due From Related Parties

The balance consists of amount due from affiliate companies of Hiton Chain.

32.5. Credit risk relating to cash and cash equivalents

The company maintains an authorized list of acceptable cash counterparties based on current ratings and economic outlook, taking into account analysis of fundamentals and market indicators. The Hotel held cash and cash equivalents of Rs.(1,448 Mn) as at 31 December 2023 (as at 31 December 2022 - Rs. (823 Mn)).

32.6. Liquidity risk

The Company's policy is to hold cash at a level sufficient to ensure that the Company has available funds to meet its short and medium term funding obligations, including organic growth, and to meet any unforeseen obligations and opportunities.

Notes to the Financial Statements

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

Net (debt)/cash In Rs. "000"	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Short term investments	61,947	26,296
Cash in hand and at bank	275,356	299,651
Total liquid Assets	337,304	325,947
Bank overdrafts	(1,785,189)	(1,148,746)
Total Borrowings	(1,785,189)	(1,148,746)
Net (debt)/cash	(1,447,885)	(822,799)

32.7. Maturity analysis

The table below summarizes the maturity profile of the Hotel's financial liabilities at 31st December 2023 based on contractual undiscounted payments.

In Rs. "000"	As at 31st December 2023		As at 31 December 2022	
	Within one year	Total	Within one year	Total
Trade & other payables	1,156,601	1,156,601	744,285	744,285
Amounts due to related parties	215,996	215,996	100,809	100,809
Retention Fees - Refurbishment Project	162,012	162,012	57,559	57,559
Bank overdrafts	1,785,189	1,785,189	1,148,746	1,148,746
Total	3,319,797	3,319,797	2,051,399	2,051,399

32.8. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Hotel is exposed to market risk through its use of financial instruments and specially to currency risk, and certain other price risks.

33. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting period that requires adjustment to or disclosure in the financial statements.

34. CAPITAL COMMITMENTS

There were no capital commitments or contingent liabilities that requires disclosures in these financial statements other than the following:

34.1. The company has commenced a major refurbishment of the hotel from October 2014. Accordingly, Hilton Colombo has been undergoing major renovations from 2014, which will see improvements across the property including rooms, food and beverage outlets and meeting spaces. The Refurbishment program has been reduced to budget of US \$ 10Mn including duties and will be financed by long term debt and internally generated funds. Capital commitment approved by the Board amounts to approximately US\$ 10 Mn.

	31.12.2022 Rs. '000	31.12.2021 Rs. '000
34.2 Lease Commitments		
Lease rentals due on non-cancellable operating leases;		
Within one year	4,446	4,806
Between one and five years	24,645	-
	29,091	4,806

The lease commitment is related to 52 Perch UDA Car Park which is on 5 year leased property.

35. CONTINGENCIES

35.1 The hotel is a defendant in a lawsuit in respect of the damages due to an accident at the function. The Plaintiff has to take steps to serve summons on the Defendant with notice to Hotel developers (Lanka) Limited and get the case listed. Up to date, notice has not been received. (DMR 01012/2014). The management is unable to predict the outcome of such case on the date of the issue of the financial statements. Accordingly, no provision for the above-mentioned lawsuits has been made in these financial statements.

35.2 Surath Wickramasinghe Associates (SWA) made its Claim No. 2 for Additional Work and/or alterations and/or modifications on 13.10.2016, through the document titled 'Consultancy fee for Extra Work carried out on Colombo Hilton Refurbishment Project after September 2014 to date' claiming a sum of Rs. 60,914,081.77. (USD 368,377.31, at a rate of 1 USD = Rs. 146.05), for purported additional work done and had delayed in submitting its claim for 2 years after the completion of the work. HDL obtained an independent report from 'Perigon Lanka (Pvt) Ltd,' which is a company engaged in quantity surveying, and Claim No. 2 of the Claimant was submitted to Perigon Lanka (Pvt) Ltd for review, assessment and certification in terms of which, the amount certified is Rs 13,846,243.96 and accordingly the Company has provided for the same under Contingent liability. This matter has now been referred to arbitration. Further details are given in Note No 38.5 under litigation matters.

35.3 In accordance with SLFRS 37 the company has made a provision of Rs. 174,911,678 (2022 – Rs.133,182,480) relating to a disputed licenses fees payable to Colombo Municipal Council by Hotels, Restaurant and Lodging establishments. The Colombo Municipal Council issued a Gazette notice on 6th July 2007 announcing a revision to the rate of licenses fees to be charges with effect from 1st Jan 2007. A case was filed with the Magistrate Court collectively by the Colombo City Hotels including Hilton Colombo in 2007 disputing the said revision. The outcome of the case remains uncertain. Further details are given in Note No 38.7 under litigation matters.

36. ASSETS PLEDGED AS SECURITIES

The company has mortgaged the Hilton Colombo Property against the loan agreement signed with Peoples Bank and Sampath Bank for Rs. 2,750Mn and 3,150 Mn respectively for financing the refurbishment projects and working capital requirements.

37. RELATED PARTY DISCLOSURES

37.1. Transaction with Key Management Personnel

Related Parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel include members of the Board of Directors of the company.

Directors' emoluments paid during the period amounts to Rs. 18,806,000/- (Y/E 2022 - Rs. 3,575,000/-).

Notes to the Financial Statements

37.2. Amounts due from related parties (Refer Note16)

37.3. Amounts due to related parties (Refer Note 26)

37.4. Transactions with related parties

	31.12.2023 Rs. '000	31.12.2022 Rs. '000
Managing Company - Hilton International Management Corporation		
Receiving of services	72,086	72,942
Affiliates/Group Hotel		
I. Hilton Worldwide Manage Ltd - UK		
Receiving of services	10,675	(2,272)
GSB Charges	85,008	58,117
II. Hilton Colombo - Residence Rendering of services (net)	(1,676)	(3,061)
III. Hilton Yala Resorts - Rendering of services (net)	4,165	(61)
IV. Hilton Weerawila - Rendering of services (net)	1,750	(3,624)
V. Hilton Kuala Lumpur -(Singapore)- Rendering of services (net)	(16,282)	-
VI. Hilton Shah Alam 1-City (Malaysia) - Rendering of services (net)	42	-
VII. Hilton Hotel Management (Shanghai) co Ltd - Rendering of services (net)	3,666	-

Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

38. LITIGATION /ARIBITRAION AS OF THE REPORTING DATE

38.1. SC HCCA LA 225/16

This is an Appeal filed by Cornel & Co Ltd against the order of court dated 31st March 2016 in HCCA LA 69/14. As the parties are exploring the possibility of a settlement the case will be mentioned again on 24 February 2024

38.2. H.C. [Civil] 1/98 [2] [Date of filing 31/3/1998]

This case has been filed by Cornel & Co Ltd., against Mitsui & Co Ltd, Taisei Corporation and 9 other Defendants, including HDL [5th Respondent].

The Plaintiff filed action in the High Court of the Western Province and supported and obtain an exparte Enjoining Orders in terms of prayers [m] and [n] of the Plaint, preventing the implementation of the Settlement Agreements.

This case has been laid by since 29.10.2003 pending a settlement [if any].

38.3. D.C.COLOMBO CASE NO. 21819/MR

This action has been instituted by Mr. Nihal Sri Amarasekera for Judgment against the 1st Defendant, Mr. Gamini Lakshman Pieris in a sum of Rs. 35,938,000.00 and Rs. 36,071,000.00. HDL is the 2nd defendant.

The case has been laid by since 17th March 2004 pending a settlement [if any]

38.4. Case No. H.C. (Civil) 754/2018/MR

This case had been instituted by Mr. Nihal Sri Amarasekera seeking an Enjoining Order to restrain the Company and the Company Secretaries from taking any steps to transfer the shares of the Company.

The interim injunctions was vacated in December 2021 and February 2023. The case is in the Pre trail stage.

38.5. Arbitration – SLNAC/ARB/16-10-2021 Surath Wickramasinghe Associates Vs. Hotel Developers (Lanka) Ltd.

M/s. Surath Wickramasinghe Associates (SWA) who were the Lead Consultants/Architects for Phase 1 of the Refurbishment Program under which the Public Areas were refurbished, are claiming Rs 60 Mn for the additional work performed by them. We have disputed the claim based on the certification from quantity surveyors of Rs 13 Mn. Subsequently, we also obtained a certification from our Internal Auditors M/s. Ernst and Young confirmed that only Rs 9 Mn was payable based on the services rendered. The Company has also filed a Counterclaim of Rs 10.6 Mn stating that a huge loss was incurred by the Company due to the faulty Air Conditioning system designed and installed by SWA. The matter has been referred to Arbitration by SWA and currently both parties are in the process of filing the Witness Statements before the Arbitration Tribunal.

38.6 D.C COL 3155/Spl 116/1996(1) S.C./HC/LA57/2023

Nihal Ameresekera has filed a Leave to Appeal application in the Supreme Court against the Order delivered in the Commercial High Court in Case No 116/ 96. The Case will be taken up for Support on 4th April 2024.

38.7 Colombo Municipal Council

There are fifteen cases filed by the Colombo Municipal Council at the Maligakanda Magistrate Court for operating a restaurant without obtaining a requisite license in the years 2009 (13224/M), 2010 (14155/M), 2011 (15461/M), 2012 (17966/M), 2013 (28928/14), 2014 (16394/15), 2015 (15577/16), 2016 (15591/17), 2017 (16908/18, 16910/18), 2018 (16248/19), 2019 (4691/20), 2020 (7576/21), 2021 (11637/22), 2022 (25125/23).

Case filed for 2009 to 2018 have concluded in the Magistrate's Court with the Hon. Magistrate holding against Hilton Colombo. Appeals have been filed against the Judgements in the said cases, and the same are pending listing before the High Court.

The write application (179/2011) filed by Hotel Developers (Lanka) Limited challenging, inter alia, the decision taken by Colombo Municipal Council to levy license fees equivalent to 0.1% of the total annual turnover as a pre-condition to the issue of the Annual Trade License for the years 2009 and 2010 in respect of the restaurant operated at hotel premises. Judgment was delivered on 19th September 2019, and their Lordships of the Court of Appeal dismissed the application and ordered costs. Costs have not been determined as of date. The case was appealed to the Supreme Court, however, the appeal has yet to be supported and cases are filed in the years 2020 (08/2020), 2020 (18/2020), 2020 (93/2020), 2020 (32/2020), 2019 (134/2019), 2019 (124/2019), 2020 (96/2020), 2020 (01/2020) and 2020 (204,2020).

As at 31 December 2023, the Hotel maintains a provision of Rs.174,911,678. (2022 - Rs.133,182,480). Cases filed in 2019 and 2021 are appeals against the Judgment of the Court of Appeal dated 19th September 2019 in CA (Writ) 179/2011 and dated 06th August 2021 in HCMCA 18/2020, dismissing the appeal. The matter is yet to be supported. (394/2019), (218/2021)

38.8 D.C Colombo Case No DMR 1012/2014

Gangaram Moolchand Dhansingali vs Hotel Developers and Hilton Worldwide

This action was filed by Mr. Moolchand in order to recover damages in a sum of Rs 5 Mn due to an accident in a function. The Plaintiff is required to serve summons on Hilton Worldwide with Notice to Hotel Developers and have the Case listed. HDL has not received notice to date.

FIVE YEAR FINANCIAL SUMMARY & KEY INDICATORS

in Rs. 000	2023	2022	2021	2020	2019
Revenue					
Rooms	1,137,293	666,637	236,944	313,080	1,171,875
Food & Beverage	3,034,962	2,185,005	907,480	732,119	1,614,671
Other Operating Department	55,845	35,625	33,957	35,936	92,206
	4,228,100	2,887,267	1,178,381	1,081,135	2,878,752
Cost of Sales	(2,445,618)	(1,825,497)	(922,695)	(811,092)	(1,403,693)
Gross profit	1,782,483	1,061,770	255,686	270,043	1,475,059
Other gains and losses	13,175	206,589	31,191	25,391	20,807
Administrative expenses	(1,015,817)	(855,958)	(585,498)	(591,036)	(910,514)
Other expenses	(616,505)	(302,759)	(167,921)	(171,603)	(281,942)
Operating Profit Before Depreciation	163,336	109,642	(466,543)	(467,205)	303,410
Depreciation	(367,193)	(371,065)	(386,618)	(378,443)	(515,265)
Operating Profit After Depreciation	(203,857)	(261,424)	(853,161)	(845,648)	(211,855)
Revaluation Loss			-	-	(61,223)
Finance Income	18,037	18,162	11,222	10,873	10,708
Finance costs	(598,546)	(389,502)	(134,477)	(42,569)	(50,078)
Profit/(loss) before taxation	(784,366)	(632,763)	(976,415)	(877,342)	(312,448)
Income tax expense	95,654	(252,358)	19,190	(40,764)	(13,182)
Profit/(loss) after taxation for the period	(688,712)	(885,122)	(957,225)	(918,106)	(325,630)
Other comprehensive income					
Revaluation Surplus	704,527		-	-	1,452,978
Actuarial Gain/(loss)on employee benefit obligations	(31,688)	2,970	22,630	(8,088)	(22,455)
Total comprehensive income/ (expense) for the period	(15,873)	(882,152)	(934,595)	(926,193)	1,104,893
Earning per share - Basic (Rs.)	(0.01)	(0.43)	(0.46)	(0.45)	0.54

in Rs. 000	2023	2022	2021	2020	2019
Operating Results					
Total Revenue	4,228,100	2,887,267	1,178,381	1,081,135	2,878,752
Sales Growth%	46%	145%	9%	-62%	-1%
Operating Profit Before Depreciation	163,336	109,642	(466,543)	(467,205)	303,410
Net Finance Expenses	580,509	371,340	123,254	31,696	39,370
Depreciation & Amortization	367,193	371,065	386,618	378,443	515,265
Net Profit/(Loss) Before Taxation	(784,366)	(632,763)	(976,415)	(877,342)	(312,448)
Total comprehensive income/(expense) after revaluation gain & taxes	(15,873)	(882,152)	(934,596)	(926,193)	1,104,893
Shareholders' Fund					
Stated Capital	20,466,456	20,466,456	20,466,456	20,466,456	20,466,456
Revaluation Surplus	2,157,505	1,452,978	1,452,978	1,452,978	1,452,978
Furniture & Fittings Reserve	-	178,230	53,801	1,649	43,864
Accumulated Loss	(10,357,069)	(9,814,896)	(8,808,317)	(7,821,569)	(6,937,588)
	12,266,892	12,282,768	13,164,918	14,099,514	15,025,710
Assets Employed					
Property Plant, Equipemnt	11,553,379	6,929,402	8,722,182	8,486,249	8,728,240
Leasehold Land	6,215,377	6,261,798	6,337,966	6,421,326	6,514,390
Capital work-in-progress	1,705,375	2,600,378	766,764	865,477	659,487
Net Current Assets	(2,516,561)	(797,453)	(1,064,694)	(997,068)	(43,767)
	16,957,570	14,994,125	14,762,218	14,775,984	15,858,350
Less					
Long Term Liabilities					
Intrest Bearing Loans & Borrowings	3,067,766	2,000,000	1,098,372	72,156	250,000
Retirment Benefit Obligation	117,656	77,467	97,982	148,198	134,550
Right to use - Lease Land Liability	24,645	-	4,806	22,918	37,291
Deferred tax Liability	1,480,613	633,891	396,138	433,198	410,798
Net Assets	12,266,892	12,282,765	13,164,918	14,099,514	15,025,710
Key Indicators					
Current Ratio	0.30	0.64	0.47	0.34	0.94
Net Assets per share (Rs.)	5.99	6.00	6.43	6.89	7.34
Earnings/(Loss) per share	(0.01)	(0.43)	(0.46)	(0.45)	0.54
Statstical Summary					
Occupancy	33%	19%	10%	11%	49%
Averagae Room Rate	31,496	29,776	16,754	20,681	21,562

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CORPORATE INFORMATION

NAME OF THE COMPANY:

HOTEL DEVELOPERS (LANKA) LIMITED

LEGAL FORM:

A Public Limited Liability Company

DATE OF INCORPORATION:

15th March 1983

COMPANY REGISTRATION NO:

PQ 143 PB

DIRECTORS:

Mr. Upul Ganganath Dharmadasa - Chairman
 Mr. Punchy Hewage Priyantha Deniyaya
 Mr. Patikiri Arachchige Susantha Athula Kumara
 Ms. Dheeshana Ameresekere
 Dr. Amila Ishan Kankanamge
 Mr. Madawa Sanjeewa Wattagama
 Mr. Rajeevasiri Sooriyaarachchige
 Mr. Kachchakaduge Avinda Randila Johan Fernando
 Mr. Pathberiya Appuhamilage Jayakantha
 Mr. Keerthi Sri Weerasinghe

REGISTERED OFFICE:

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 C/o Hilton Colombo
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 Tel: +94 112433435 Fax: +94 112446545
 Email: hdl_hilton@sltnet.lk
 Web site: www.hoteldevelopers.lk

SECRETARIES AND REGISTRARS:

P W Corporate Secretarial (Pvt) Ltd
 No. 3/17 Kynsey Road, Colombo 08

BANKERS:

Peoples Bank – Corporate Branch
 Bank of Ceylon – Corporate Branch
 Sampath Bank PLC - WTC Branch

LAWYERS:

M/s. D L & F De Saram
 Attorneys-at-Law and Notaries Public
 47, Alexandra Place
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