

Management Discussion and Analysis

Deriving Value

Internal Capital Formation

As has been described in our section on Value Creation and Capital Formation, appearing on pages 36 and 37 of this report, we will examine in more detail the formation of capital that is internal to the Company. While what is most visible and quantifiable is financial capital, internal capital also includes several intangibles that, as discussed previously, constitute institutional capital.

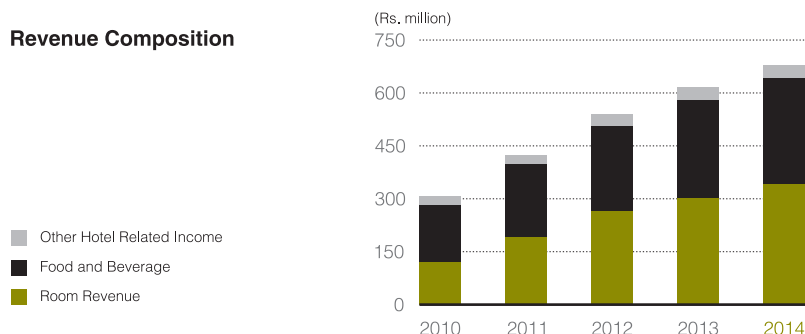
Financial Capital

Financial Performance

Revenue

The Company recorded a revenue growth of 11% by achieving a total revenue of Rs. 681 million during the financial year under review compared to Rs. 615 million achieved during the previous period. The growth in revenue is mainly due to increase in room revenue by 14% and food & beverage income by 8%. Room revenue has increased due to the addition of 20 super deluxe rooms and the 2 suites with effect from 21st December, 2013 and 2nd January, 2014 respectively and average room rates (ARR) by 6%. ARR has increased mainly due to increase in online sales which has higher yield and the favourable impact of foreign currency exchange rates. Food & beverage income has increased due to increase in number of guests as a result of increase in room inventory from December 2013. The Company also opened a new restaurant and a bar during the year under review.

Revenue Composition



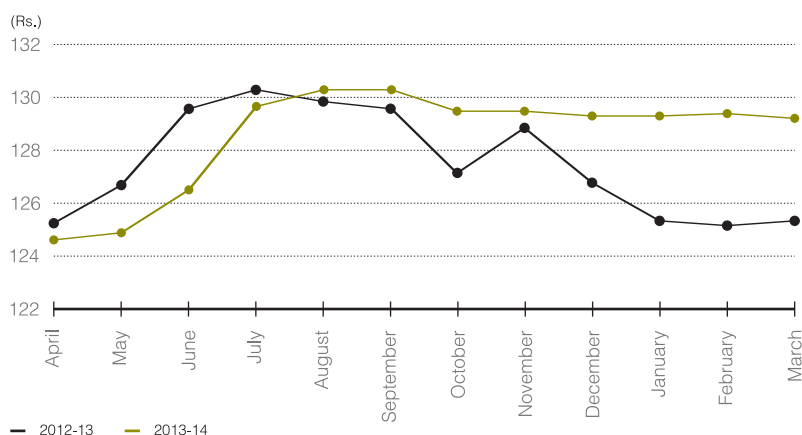
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Further, foreign exchange rate fluctuations during the year under review mainly from August 2013 had a favourable impact to the Company's revenue as majority of revenue generated through travel agents/tour operators are based on foreign currency contracts.

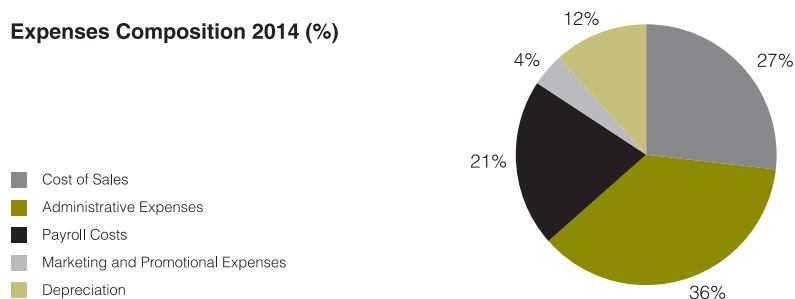
Monthly Average LKR:USD Exchange Buying Rate



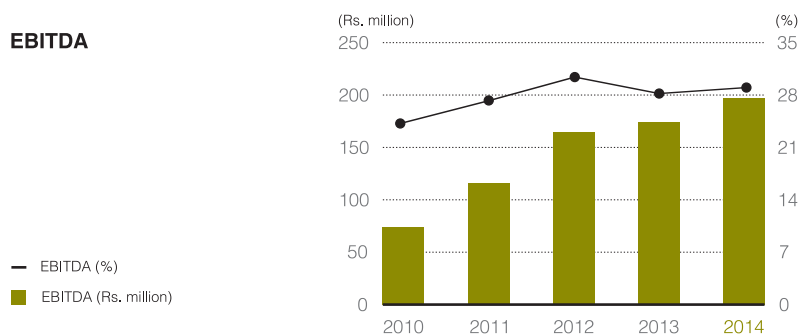
Expenses

During the period under review total expenses have increased by 10% to Rs. 550 million from Rs. 502 million in the previous period. Cost of sales has increased by 7% compared to previous period and it is mainly due to increase in food prices. Administrative costs have increased by 8% whereas marketing and promotional expenses has decreased by 6%. Increase in power & energy cost by 19% and non-capital nature expenses incurred for the refurbishment have resulted in the increase in administrative costs. Payroll costs increased by 17% compared to previous period mainly due to salary revision to both executive and non-executive staff. In addition to the annual salary revision a salary adjustment have been made with effect 1st April 2013 for non-executive staff as per the revision of minimum monthly rates of wages as per the Wages Board for the Hotel and Catering.

Depreciation for the year was reported at Rs. 64 million which is an increase of Rs. 8 million compared to previous period. This is mainly due to additional depreciation charge from the capitalization of the new 22 rooms, restaurant and bar from December 2013.

Expenses Composition 2014 (%)**Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)**

The Company has reported an EBITDA of Rs. 198 million for the period under review compared to Rs. 174 million achieved during the previous period. This is reflected in an impressive compound annual growth rate of EBITDA over the last five years of 49%. The increase in EBITDA is mainly due to strong growth in revenue. Due to increase in room inventory and cost synergy arising from the same from December 2013 the EBITDA margin has increased marginally to 29% from 28% last year.

EBITDA

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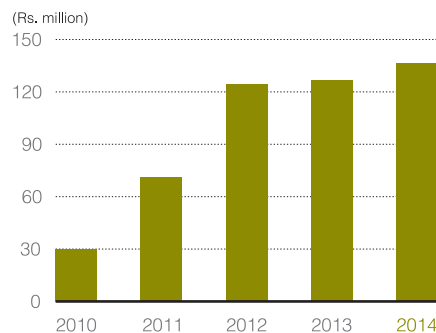
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Profitability

The Company recorded profit before tax of Rs. 136.5 million during the year under review compared to Rs. 127 million during the previous period. This shows a compound annual growth rate of pre-tax profits over the last four years of 47%.

Profit Before Tax



Income tax charge for the year has reduced by 6% to Rs. 14 million compared to the previous year as the increase in revenue has been offset by the reduction in interest income.

Profit after tax of the Company amounted to Rs. 122 million and represents an increase of 9% on the Rs. 112 million achieved in the previous period. Return on equity for the Company remained same at 5%.

Statement of Financial Position

The Company reported a strong financial position as at 31st March, 2014 with total assets amounting to Rs. 2,742 million compared to Rs. 2,510 million in the previous period. During the year under review, Property, Plant and Equipment additions amounted to Rs. 388.9 million mainly due to capitalization of the new rooms and the capital nature refurbishment work carried out in the Hotel. The Company also purchased properties in Unawatuna and in Dadella at a purchase consideration of Rs. 29 million and Rs. 0.7 million respectively.

As at 31st March, 2014, the Company had a gearing level of 6%. The Company borrowed US\$ 1 million to part finance the construction of new rooms and as at year end US\$ 522,500 remained as undrawn loan facilities. The loans were unsecured.

Shareholders' Funds

Shareholders' funds as at 31st March, 2014 increased marginally to Rs. 2,431 million from Rs. 2,404 million in the previous period mainly due to increase in net profits. The Company's net asset per share as at 31st March, 2014 stood at Rs. 52.84 per share.

Cash flow Statement

Due to significant cash outflows made with regard to construction of new rooms and refurbishment activities and marginal increase in earnings, the Company's cash position as at 31st March, 2014 has reduced to Rs. 12 million compared to Rs. 126 million in the previous period. Cash outflow from investing activities amounted to Rs. 380 million compared to Rs. 116 million in the previous period.

Statement of Economic Value Added and Distributed

Year ended 31st March,	2014		2013	
	Rs. '000	%	Rs. '000	%
Total Revenue	681,105		614,727	
Other Income	7,783		14,413	
	688,888		629,140	
Less: Purchase of Goods and Services	(371,230)		(348,162)	
Value Added	317,658		280,978	
Distributed as follows:				
To Government as taxes	14,278	4	15,138	5
To employees as salaries and other benefits	115,013	36	98,145	35
To providers of Capital				
- Dividends to shareholders	92,000	29	92,000	33
- Interest on borrowings	1,943	1	25	0
Retained within the business				
As depreciation	64,105	20	55,516	20
As retained profits	30,319	10	20,154	7
Total	317,658	100	280,978	100

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Institutional Capital

Institutional capital covers a broad spectrum of non-financial components that are, like financial capital, internal to the Hotel. They include intellectual property, knowledge, systems, procedures, brand value, corporate culture, business ethics, integrity and the like.

Organizational Knowledge

Jetwing Lighthouse has been in operation for 18 years; a substantial amount of the 40 years of immersion in the hospitality and tourism sector by Jetwing. Thus we command a formidable storehouse of knowledge, experience and expertise in the field. Imbued as we are with a common ethos and orientation, the Hotel mirrors the dynamic path forward of the Jetwing Brand. Ours is one of Sri Lanka's most environmentally conscious companies with a host of 'firsts' in terms of exemplary conservation practices. It is a testament to the level of organizational knowledge we bring to the table, that we have married these aspects with excellent hoteliering, to provide an unmatched product to the customer.

As an entity of standing and longevity in the field, we maintain valuable membership and connections with influential bodies such as the Tourist Hotels Association of Sri Lanka (THASL), the Small Luxury Hotels of the World, the Great Hotels of the World and the Hoteliers of South (HOST). These and others like them substantially enhance and endow us with invaluable trade experience and learning.

Brand Value

In terms of brand positioning, Jetwing Lighthouse has been established as a luxury resort that caters to affluent travellers, couples and families alike, accomplished through 'barefoot elegance' and Sri Lankan hospitality.

Jetwing Lighthouse is one of the most well known, most recognisable and iconic properties in Sri Lanka, and whilst it is by every yardstick a truly luxury resort, we proudly own a distinctive Sri Lankan identity, which speaks eloquently of our deep roots as a Sri Lankan enterprise.

We constantly ensure that our brand perception is relevant and remains at optimum levels by paying meticulous attention to channels such as guest feedback posted on review sites such as TripAdvisor, as well as comments we receive directly at the Hotel.

Corporate Culture, Business Ethics, Integrity

The corporate culture of Jetwing is firmly rooted in Sri Lanka, its' ideals and qualities as well as in the family ethos and values. Our corporate culture is a shared one with the entire Jetwing *Family* and is underpinned by the core values described below. This is coupled with commitment to legendary and innovative service, a mission we abide by daily, which has brought Jetwing Lighthouse to the forefront of the industry. The Hotel also implements an open door policy with no red tape, whereby any associate can speak to senior management and ensure open communication both ways in the organization.

Our Core Values

- PASSION - We are passionate about what we do. Enthusiasm and devotion are a part of our DNA.
- HUMILITY - We demonstrate humility by being open minded and having a healthy respect for others.
- INTEGRITY - Integrity is a part of who we are. We value the honesty and say and do the right things consistently.
- TENACITY - Always tenacious, we take big challenges and persist until we succeed consistently.

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Delivering Value

External Capital Formation

The value created by The Lighthouse Hotel PLC for its stakeholders through activities, relationships and linkages leads to the formation of capital external to the Hotel. They reside within our stakeholders, but Jetwing Lighthouse has access to and makes use of these and its own internal capital in driving its business. Our discussion will now focus on Jetwing Lighthouse' external capital formation, the material ones being, investor capital, customer capital, employee capital, social capital and environmental capital.

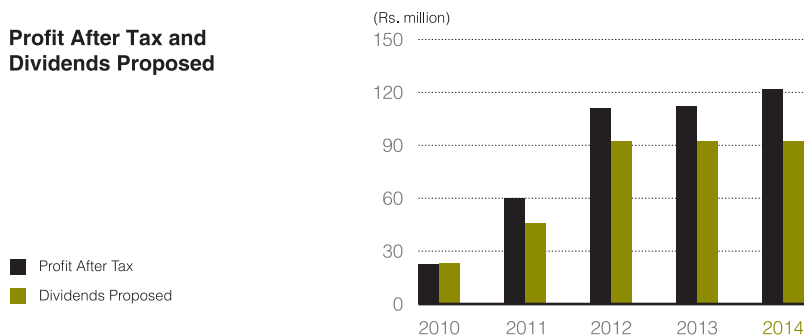
Investor Capital

Dividend Policy

The dividend policy of the Company seeks to maximize shareholder wealth in the short, medium and long term, while ensuring sufficient funds are retained for future business expansions and to provide consistent stream of dividend to shareholders.

For the year under review, the Board of Directors of the Company have proposed a final dividend of Rs. 2/- per share (2013 - Rs. 2/- per share) subject to final shareholder approval at the AGM, and thus accounting for a total gross dividend outflow of Rs. 92 million (2013 - Rs. 92 million). The dividend payout ratio of the Company will be 75% for the year (2013 - 82%). In the past the Company has maintained a dividend payout ratio of over 75%.

Profit After Tax and Dividends Proposed



Our Shareholders

The information presented here is meant to give you the reader, a clear picture of our shareholder profile and related demographics as well as performance of shares in the market.

The Distribution of Shareholders as at 31st March, 2014

No. of Shares held	Residents			Non-Residents			Total		
	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%
1 - 1,000	984	321,886	0.70	2	600	—	986	322,486	0.70
1,001 - 5,000	185	518,019	1.13	9	29,000	0.06	194	547,019	1.19
5,001 - 10,000	45	376,712	0.82	3	19,800	0.04	48	396,512	0.86
10,001 - 50,000	29	682,330	1.48	2	39,557	0.09	31	721,887	1.57
50,001 - 100,000	5	389,000	0.85	2	200,000	0.43	7	589,000	1.28
100,001 - 500,000	6	1,686,923	3.67	—	—	—	6	1,686,923	3.67
500,001 - 1,000,000	6	4,150,713	9.02	—	—	—	6	4,150,713	9.02
Over 1,000,000	6	37,585,460	81.71	—	—	—	6	37,585,460	81.71
Total	1,266	45,711,043	99.38	18	288,957	0.62	1,284	46,000,000	100.00

Categories of Shareholders

Individuals	1,187	4,929,251	10.72	18	288,957	0.62	1,205	5,218,208	11.34
Institutions	79	40,781,792	88.66	—	—	—	79	40,781,792	88.66
Total	1,266	45,711,043	99.38	18	288,957	0.62	1,284	46,000,000	100.00

The percentage of the shares of the Company held by the Public as at 31st March, 2014 was 25.54%. Public holding has been computed as per the SEC Directives dated 20th December 2013 with effective from 1st January 2014 (2013 - 16.82%).

Market Information on Ordinary Shares of the Company

		31st March 2014	31st March 2013
		Rs.	Rs.
Net assets value per share		52.84	52.25
Market value per share as at		44.40	47.40
Highest market value per share	} During the Year	50.40	55.00
Lowest market value per share		39.10	40.00

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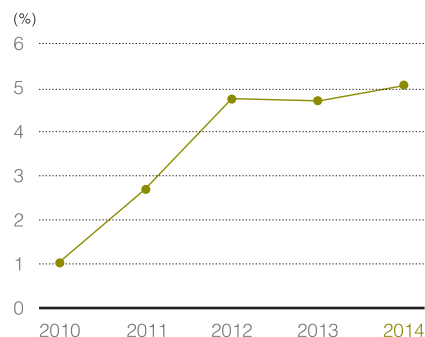
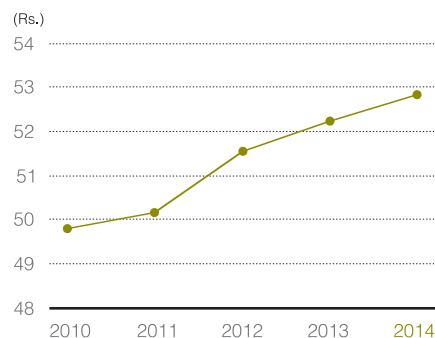
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Share Trading - During the Year

	31st March 2014	31st March 2013
Number of transactions	662	747
Number of shares traded	1,168,565	579,372
Value of shares traded (Rs.)	56,050,849	27,150,088

Twenty Largest Shareholders

Name of Shareholder	No. of Shares as at	%	No. of Shares as at	%
	31st March 2014		31st March 2013	
1. Jetwing Hotels Management Services (Pvt) Ltd.	17,052,199	37.07	16,689,983	36.28
2. Mercantile Investments and Finance PLC.	7,736,677	16.82	7,656,500	16.64
3. Employees' Provident Fund	5,084,800	11.05	5,084,800	11.05
4. Bank of Ceylon - A/C Nos. 1 and 2	4,600,000	10.00	4,600,000	10.00
5. National Savings Bank	1,900,000	4.13	1,900,000	4.13
6. Mrs. A.M.J. Cooray	1,211,784	2.63	1,211,784	2.63
7. Jetwing Travels (Pvt) Ltd.	840,200	1.83	840,200	1.83
8. Ms. N.T.M.S. Cooray	789,803	1.72	789,803	1.72
9. Mr. N.J.H.M. Cooray	748,803	1.63	748,803	1.63
10. Dee Investments (Pvt) Ltd.	669,600	1.46	669,600	1.46
11. Jetwing Eco Holidays (Pvt) Ltd.	595,984	1.30	522,599	1.14
12. The Nuwara Eliya Hotels Company PLC	506,323	1.10	6,323	0.01
13. David Pieris Motor Company Ltd.	407,969	0.89	407,969	0.89
14. Mr. D.J. de Silva Wijeyeratne	347,200	0.75	347,200	0.75
15. Employees' Trust Fund Board	300,100	0.65	300,100	0.65
16. Confifi Management Services (Pvt) Ltd.	275,900	0.60	275,900	0.60
17. Confifi Investments (Pvt) Ltd.	250,000	0.54	250,000	0.54
18. Ms. A.M. Wikramanayake	105,754	0.23	100,558	0.22
19. Mr. S. Mendis	100,000	0.22	100,000	0.22
19. Mr. H.W.M. Woodward	100,000	0.22	100,000	0.22
19. Mr. I.A.R. Perera	100,000	0.22	100,000	0.22
Total	43,723,096	95.06	42,702,122	92.83

Return on Equity (ROE)**Net Assets Per Ordinary Share****Customer Capital****Disclosure on Management Approach**

Jetwing Lighthouse is positioned as a high end luxury product. This is further established through our membership in the highly exclusive and privileged entities such as, Small Luxury Hotels of the World and Great Hotels of the World.

Whatever our standing, it is incumbent on us to ensure that all aspects of the functioning of the Hotel including its products and services and the marketing thereof, should be accomplished with responsibility and with the customer's well-being at heart.

The Hotel is marketed through various media such as print, through magazines, newspapers and on-line, through our brand site, social media, e-mail to the Jetwing database and e-flyers, among others.

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Accuracy, consistency and compliance of all marketing, advertising and promotional initiatives and their related material are ensured by reputed advertising agencies who handle the Jetwing Lighthouse account and overseen by Jetwing Hotels Ltd.

On behalf of Jetwing Lighthouse, Jetwing Hotels produces a variety of material for marketing and promotional activities, which are utilized for the training and awareness of associates as well. These include fact sheets for the Hotel, image walk throughs, a Unique Selling Points document and our brand website.

Changing Trends

Five years ago, the Hotel's customer base consisted predominantly of visitors from the United Kingdom, Germany and France. Whilst these countries continued to be significant contributors to our customer base, the intervening years have seen a substantial growth in visitors from China, India, the Far East, Australia and Japan, so much so that they are now significant stakeholders as customers.

Initiatives taken during the recent past to capitalise on the influx of tourists include more streamlined and consistent brand advertising to ensure top of mind recall as well as more focus directed towards e-commerce, online visibility and online travel agents and tour operators.

Future strategies employed will see the continuation of the current enhanced focus on e-commerce and online strategies as this has proven successful for Jetwing Lighthouse in the recent past and is also the current global trend.

Advertising and Marketing

In delivering value to the customer, Jetwing Lighthouse believes that all strategy and activity in these areas must be compliant, transparent and customer enabling.

In partnership with our international advertising agency we adhere to relevant laws and conform to generally accepted ethical and cultural standards in the field of Marketing and Advertising. We also employ a Corporate Identity Manual to ensure adherence to brand standards and consistent guidelines.

The Jetwing Lighthouse team regularly vets all advertising, marketing and promotional material before release for publication, which ensures that we do not infringe any customer rights or sensibilities in areas such as religion, culture, gender or ethnicity and the like. This also ensures that we operate within a strict ethically correct framework.

Guest Satisfaction

One of the most important requirements for a service organization such as ours is customer feedback.

The Hotel provides guest satisfaction cards in every room and at the reception where we capture vital information as provided by our guests. Such feedback reaches the upper echelons of the management to ensure that areas in which the Hotel has fallen short of expectations, are fully addressed. Composite evaluation of such data also helps us to identify trends, which in turn help us tailor the product to meet guest expectations. It also helps in training and development.

The Hotel also manages its listing on TripAdvisor on a daily basis. Responses are prompt and shortcomings are as promptly investigated and rectified.

Expansions and Upgrades

During the year under review, the Hotel effected enhancements to its plant, equipment and service, where the room inventory was increased with the addition of 20 super deluxe rooms and 2 themed suites in the new wing of the Hotel, and three treatment rooms were added, in order to expand the services of the spa.

We also introduced a new restaurant and bar which is named 'Nihal's', after the Hotel's internationally renowned Executive Chef Nihal Senanayake.

In addition, we upgraded our communications systems, introduced a CCTV surveillance system and completed the upgrade of our kitchen and bar. Also the deluxe rooms and themed suites were refurbished as part of our ongoing room upkeep process.

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Employee Capital

Disclosure on Management Approach

Our people are a vital asset of Jetwing Lighthouse. It is they who give life and momentum to our core traits - Passion, Humility, Integrity and Tenacity, as they are enacted across every strategy and action of the Hotel.

Our people are a precious resource. As a service organization, we cannot afford to lose the warmth of real time contact with guests. Hence, the Hotel places emphasis on 'the human touch' as the preferred route over 'automation'.

Whilst growth within the hospitality and tourism sector augurs well for the hotel industry, it also brings with it areas of challenge. Increased opportunities both locally and overseas challenge employee retention, particularly in the skilled categories. This is a desirable situation from the point of view of the workforce, but it does pressure many establishments.

Jetwing Lighthouse invests heavily in its people, seeking to develop them both in the professional and personal spheres.

There are many avenues by which we seek to make Jetwing Lighthouse a preferred employer. Whilst a competitive compensation, comprehensive appraisal, training and development programmes and other processes are in place, we hope to continuously expand and develop our processes and practices, thereby ensuring that we are more than just a place to work.

'The Great Place to Work®' employee survey was conducted across all Jetwing hotels, which included Jetwing Lighthouse. This programme is a comprehensive and structured intervention across all Jetwing Hotels that helps to understand and measure employee thinking. The findings of this survey help shape our plans to continuously develop 'our attractiveness' as an employer of choice.

Jetwing has never been afraid to embrace innovation and we have brought this trait to bear amongst our people to make their working life more fun and interesting. We conduct employee challenges across all Jetwing hotels that allow associates to strive to better themselves through numerous challenges. These challenges include Jetwing Accommodation Challenge, Jetwing Tea Sommeliers Challenge, Jetwing Wine Sommeliers Challenge, Jetwing Culinary Challenge and Jetwing Bartenders Challenge. These challenges encourage associates to become masters of their chosen professions with innovation and creativity coming to the fore.

Employee satisfaction is a major component of a healthy working environment and as always Jetwing engages and encourages its employees in activities that will increase and showcase their talents. Jetwing Sports Day and Jetwing *Prathiba*, our employee talent show, are two of many activities that take place to encourage employee engagement.

In the near future we hope to expand our training and development programmes further, giving the associates a wider scope of work, creating job enlargement and satisfaction.

Jetwing Lighthouse - the Employer

The Jetwing ethos in terms of our role as an employer of responsibility and quality is shared by all hotels.

Jetwing Lighthouse is an equal opportunity employer. Accordingly, it is committed to hiring, developing and promoting individuals who best meet the requirements of available positions and who possess the required competencies, experience and qualifications to carry out assigned tasks. We believe in providing equal opportunity to all, based on talent and ability. The Hotel is also committed to maintaining an environment free of harassment and discriminations based on race, religion, gender or social and economic background. During the year under review, there were no material issues pertaining to employees and industrial relations.

As we are an equal opportunity employer no explicit imbalance exists as regards to remuneration between the genders. The only variances would occur naturally within employee categories influenced by factors such as levels of seniority, experience and qualifications.

Recruitment

Our success depends on the recruitment and selection of the right calibre of people we employ to ensure that the appropriate skills are attracted and retained. In order to achieve this we follow a manpower recruitment plan. Over and above the standard tools of interviews, references and background checks, we have also conducted practical assessments when it comes to placements in certain job roles.

This process ensures that all candidates have a fair and equal opportunity of selection and placement.

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Employee Recruitment Analysis

Employee Recruitment for year 2013-14

*Calculated based on the average employees during 1st April, 2013 to 31st March, 2014-246

By Age Group:

21-30 years	36	14.63%
31-40 years	13	5.28%
41-50 years	3	1.22%
Over 50	1	0.41%
Number of Employees Recruited	53	21.54%

By Gender:

Male	42	17.07%
Female	11	4.47%
Number of Employees Recruited	53	21.54%

By Region:

Galle District	29	11.79%
Outstations	24	9.76%
Number of Employees Recruited	53	21.54%

A total of 53 employees on contractual and probationary basis were recruited to the Hotel during the year, of which the majority were persons under the age of 30 years. The majority of those employed are also from the Galle District which is consistent with our HR recruitment policy of hiring within location where applicable.

At Jetwing Lighthouse we are also focused on generating employment for youth by encouraging school leavers to join the industry.

It is not always possible to recruit from the locality due to the inability of finding the necessary skill, knowledge and educational requirements amongst candidates. This pertains mainly to vacancies at senior management levels.

Jetwing Lighthouse ensures that all candidates have a fair and equal chance of being employed provided they have the right skills, experience and competencies to fill the position.

The table below indicates the local community hiring and placement in senior management roles:

Senior Management from the locality as at 31st March 2014

By seniority:

Senior Executives	3
Executives	11

A two day comprehensive induction and orientation programme is conducted on the 1st and 16th of every month for all new recruits before commencement of work. This programme includes detailed information of operations of the Hotel, a tour of the Hotel, introduction to room inventory, types of dining facilities, management levels, important personalities, health and safety, fire safety and the Jetwing culture.

Employee Population Analysis

Employee Profile as at 31st March 2014

By Gender:	Male	225
	Female	21
	Total Number of Employees	246
By Region:	Galle District	186
	Outstations	60
	Total Number of Employees	246

Of the total cadre of 246 employees serving during the year under review, 186 are employed from the Galle District, showcasing a strong commitment to the Jetwing ethos of recruiting from within the local area to enhance livelihoods of the locality. A large majority of the associates recruited are also on a full time permanent basis, while employees on probation and trainees can, depending on their performance, be absorbed into the full time, permanent cadre.

As regards to gender, 21 of the 246 employed are women showcasing a large gender imbalance, however the General Manager and Chief Accountant positions are held by females. Despite having an open recruitment policy which aims at employing and providing equal opportunities for both male and female associates at Jetwing Lighthouse,

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this situation persists predominantly due to a cultural belief that employment within the hospitality sector is more suited to male employees.

However, there are encouraging signs that this attitude is changing and Jetwing Lighthouse is actively seeking to redress this gender imbalance in the years to come.

Employee Turnover Analysis

Employee Turnover for year 2013-14

*Calculated based on average employed during 1st April, 2013 to 31st March, 2014 - 246

By Age Group:

21-30 years	15	6.10%
31-40 years	4	1.63%
41-50 years	1	0.41%
Over 50	1	0.41%
Total Turnover	21	8.54%

By Gender:

Male	16	6.50%
Female	5	2.03%
Total Turnover	21	8.54%

By Region:

Galle District	14	5.69%
Outstations	7	2.85%
Total Turnover	21	8.54%

For the period under review, voluntary employee turnover stood at 8.54% and the breakdown shows that the majority moving out are younger employees, while the more mature associates show much lower turnover levels.

Employee Benefits

The Company's remuneration policy ensures that all associates are paid a fair and equitable market-related package according to their level of skill, competency, experience and qualifications as well as the role that they fulfill in all areas of operation, the minimum wage is on par or higher than the statutory minimum wage.

Other employee benefits include meals and associates' welfare which are provided to permanent and contract employees. A comprehensive insurance cover is provided to executive employees of The Lighthouse Hotel PLC.

The Lighthouse Hotel PLC also complies with relevant statutory requirement of the country.

Further the Company awards bonuses for permanent associates based on the performance as decided and approved by the Board of Directors.

All employees benefit from the services and activities of The Lighthouse Hotel PLC welfare society, which provides a variety of services to all its associates such as - donations in the event of a death in the family, welfare shop facilities, wedding gifts, gifts to new born babies, grade 5 scholarships and the like.

All Jetwing employees are afforded a stipulated number of days of paid leave of absence from their jobs in accordance with the statutory conditions applicable in the country and pertaining to our sector of enterprise. As at present, parental leave is only granted to women as maternity leave.

Jetwing Lighthouse had two associates availing themselves of such leave during the reporting period, of whom one associate has already returned to work.

Health and Safety

Being in the vanguard of the Leisure Management Industry, Jetwing Hotels is committed to conduct all its operations in a work environment where health and safety of our associates and guests are affirmed at the highest level.

Therefore, Jetwing Lighthouse operates within a safe and hazard free environment, complying with and often exceeding statutory stipulations applicable to our operations. Guest and employee alike are provided the safest environment possible.

Training and Development

It is an accepted fact today, that one of the most employee enabling processes an enterprise may conduct is its Staff Appraisals. In covering aspects such as performance and career advancement planning, it also invariably shows the way for the development and fine tuning of a company's training agenda.

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At Jetwing Hotels, all Senior, Middle and Junior level associates are subjected to bi-annual performance and career development assessments. The reviews give the associate and his/her Head of Department an opportunity for formal dialogue, to ensure that associates are aware of what is expected of them, and to set goals for the period ahead.

Training and Education

In keeping with our vision 'to be world class in everything we do', Jetwing Hotels has continuously invested in and focused on people development initiatives as a means to achieve our objectives. The Hotel's training and development regime encompasses areas such as capacity building, focused training and development initiatives and induction and orientation training provided to enhance the associates knowledge and skills.

Training is conducted on an individual level as well as at a departmental level.

Training conducted for year 2013-14		Training Hours
By Gender	Male	977.3
	Female	68.3
By Employee Category	Permanent	563.8
	Probation	58.3
	Contract	136.0
	Trainee	287.5
Types of Training	In house	777.6
	Local	198.0
	Overseas	70.0

Jetwing Lighthouse has spent a total of 1,046 hours on training for the year under review. Most of this training was accomplished in house some being conducted locally and others overseas.

Training Programmes

Soft Skill Training

Soft skill training is conducted in-house and locally. Internal programmes address customer service, grooming and hygiene, motivation, communication and etiquette among other areas.

Wine Training

A wine training programme was held for all Senior Managers, Training Managers, F&B Managers, F&B Executive and Store Keepers of all Jetwing Hotels. This three day programme was conducted in-house. The training programme is designed to provide in-depth knowledge of wine.

Exposure Tour for F&B Managers and Chefs

During the year all F&B Managers and Chefs were taken on an exposure tour to Thailand to gain knowledge on F&B operations overseas.

Training in Life Saving

A team from "Life Saving Victoria - Australia" conducted several water safety programmes for life guards and pool attendants of Jetwing Hotels. The objective was to enhance knowledge and practice in this vital area of safety around water such as the pool and the beach.

Jetwing Tea Sommeliers Challenge

During the year under review, Jetwing Hotels initiated this challenge which was the first of its kind in the industry. It was designed to test the competitors in both theoretical and practical components of Tea. Competitions in the challenge varied from a question paper, blind tasting, service of high tea and making your innovative cup of tea. Jetwing Lighthouse was chosen the winner in the 'Art of Tea Quest' competition and the second runner-up in the 'Promotion and Selection of Your Choice of Tea' competition.

Talent Management and Continuous Learning – Jetwing Elevation Programme

Associates who have been identified as potential high flyers are given continuous learning opportunities to increase their knowledge and skills. Executives and supervisors who are nominated for promotions undergo a comprehensive workshop training in soft and technical skills, which is conducted by external as well as internal trainers. They also undergo examinations and practical tests that assess their knowledge, to take on next level roles within the Hotel.

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Internal Awards and Recognition

Heads of Departments nominate associates who have gone the extra mile to serve the Hotel and its guests, to be eligible to be chosen as Employee of the Month. The employee of the month is selected through an impartial selection process, where the associate is awarded a certificate in recognition of excellent service.

Grievance Handling

Jetwing Hotels follows an empathetic approach to grievance handling at all hotels coming under its purview.

This regime enshrines worker rights in terms of fair hearing and dialogue across the chain of command, with respect to any grievance they may have. Matters are handled with due discretion and the end objective is always amicable resolution within an atmosphere of empathy.

Social Capital

Disclosure on Management Approach

The tourism and hospitality sector simply cannot exist in isolation from the wider community within which it operates. The degree of closeness in its symbiosis is often in direct proportion to its success and well-being.

Jetwing thus has an abiding interest in forging firm ties with its social milieu, identifying it as a key stakeholder in its business and engaging and supporting it in a multitude of ways.

For example, under the Jetwing Eternal Earth Programme, Jetwing Lighthouse is involved in ongoing projects (community outreach initiatives) as well as projects of a one-off nature (humanitarian programmes) which are undertaken regularly to assist the surrounding communities.

During the year under review, Jetwing Lighthouse enacted a comprehensive calendar of activity that consisted of philanthropic responses to needs in the community, trade offerings that involved the wider community in the Hotel's operations to their upliftment and benefit, involvement in socio-cultural and religious activity in the locality, among other avenues.

Operating a Community-run Taxi Service for Guest Excursions

Jetwing Lighthouse initiated the Tuk Tuk project back in 2005 to eliminate the friction that existed between the Hotel and the local trishaw drivers. Under this project, service providers based in the Galle region have been selected and contracted to work with the Hotel. Training was provided to the participants on the local tourist attractions and the etiquette expected to deliver a high level of service to guests. This initiative which continues to this day has now expanded to include a fleet of 45 registered vehicles comprising of tuk-tuks, cars and vans.

Jetwing Youth Development Programme at Jetwing Lighthouse

Sri Lanka faces a massive problem with the unemployment of youth, especially in the rural areas. Our country has had the bitter experience of youth uprisings as a direct result of unemployment and its accompanying poverty and frustration. Thus the objectives of the Jetwing Youth Development Programme (JYDP) were to seek to address these two major issues in four ways.

- To address the issue of, and provide solutions for the shortage of manpower in our Hotels and the Sri Lanka Hotel Industry in general.
- To involve local communities in Tourism by passing some of its benefits to them.
- To contribute towards resolving the problem of Sri Lanka's youth unemployment.
- To help resolve the problem of youth frustration by providing the youth with gainful employment.

Focusing on bridging the gap between the unskilled and the skilled, and equipping them for employment, the JYDP provides free training to school leavers from disadvantaged families in the area around Galle for employment with Jetwing Lighthouse. A six-month training programme in hospitality combined with practical and spoken English intends to provide these rural school leavers with a working knowledge which would enable them to express themselves to guests and understand others. After the first four months of training, the trainees are then allocated to work for a period of 60 days within the department they are short-listed to work in. The JYDP commenced at Jetwing Vil Uyana in Sigiriya back in 2006 and has since been successfully carried out at other Jetwing properties across the country. The first JYDP held at Jetwing Lighthouse, commenced on 08th November, 2012 and the programme was successfully completed by 10th June, 2013.

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Environmental Capital

Disclosure on Management Approach

Environmental awareness and responsibility lies at the core of the Jetwing ethos. Most importantly, we have taken this from statement to fact across every aspect of business no more widely visible than in our Hotel sector. Across all strategy and action, respect for eco-systems around our locations, environmentally friendly processes and care for natural resources as well as energy and waste management are fundamental to Jetwing Lighthouse.

Under the umbrella of our highly individualistic Jetwing Eternal Earth Programme, environmental best practice is promoted and put into action across all our Hotels and establishments.

Jetwing has a defined Environmental Policy in place to take all possible steps to protect and maintain a clean and healthy environment.

We are committed to:

- Conserving our natural resources by minimizing negative impacts as a consequence of our enterprise, through the implementation of routine actions and by sustainable management, as well as through education.
- Wherever possible, protecting and enhancing all ecosystems.
- Conserving energy and water.
- Minimizing pollution by reducing the use of harmful substances.
- Making all efforts to mitigate and adapt to climate change.
- Reducing, reusing and recycling waste.
- Complying with relevant environmental legislation and regulations.
- Employing local people wherever possible.
- Purchasing local products and services, where possible and feasible, in accordance with our environmental purchasing policy.
- Always seeking to achieve a safe and sustainable environment for our community, future generations and ourselves.

To ensure that all hotels attain high standards of environmental custodianship in both front-end and back-end processes, Jetwing Hotels has initiated a process of compiling Green Directories for each Hotel. The procedures which are standardized, identify the Hotels performance based on key performance areas which include Energy Efficiency, Water Conservation, Waste Water Management, Use of Environmentally Friendly Materials and Suppliers, Landscaping, etc. Environmental audits are carried out routinely to measure and track performance.

All associates are routinely trained on sustainable initiatives which need to be adhered to. Guests are educated on the Hotel's commitment to sustainability via the Green Directory, made available in every guest room and messages on environmental topics are also displayed across the Hotel to further raise awareness.

The Hotel's environmental management system has been ISO 14001 certified by the Sri Lanka Standards Institution. Also the Hotel is currently under going with ISO 50001 certification.

Jetwing understands and believes that energy is a valuable commodity and its conservation is the need of the hour. In this endeavour, to continually improve our energy performance through our energy policy, we commit to:

- Integrate energy conservation strategies in all our activities and consider our commitment to the environment when making business decisions.
- Purchase energy efficient equipment, goods and services and to increase energy performance through design improvements.
- Promote wherever possible, renewable and sustainable energy sources, taking advantage of energy resources available in the area.
- Set energy targets and regularly monitor and evaluate energy performance among the Jetwing Family of Hotels.
- Document and communicate energy performance data to all, within the Jetwing Family of Hotels.
- Review objectives and targets on an annual basis with the aim of continually improving on minimizing the environmental impact of our operations.
- Raise awareness on energy conservation of all new and existing employees through the provision of appropriate training.
- Comply with all applicable local laws and international regulatory standards.
- Monitor and reduce our carbon footprint and work towards a carbon neutral future.

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Energy

During the year under review, Jetwing Lighthouse took several initiatives to improve energy efficiency at the Hotel as well as to incorporate wherever possible, renewable energy sources to meet energy requirements. Of course, the savings that accrue from such measures are not only beneficial to the environment in terms of moving away from fossil fuel usage and reducing GHG emissions, but also yield energy and cost savings.

As at 31st March, 2014, the following initiatives have been undertaken at Jetwing Lighthouse, in pursuance of better energy management

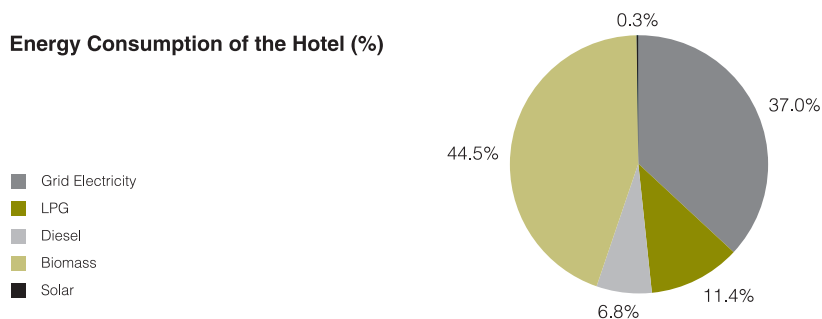
- Over 75% of total illumination achieved through energy efficient lights.
- A card-key system is in operation in rooms to ensure that lights, TV, fans etc. are not left on when guests are not in their room.
- Each guest room is fitted with a dual set point thermostat, which automatically switches the air conditioner to a set-back temperature once the key card is removed.
- LED-backlit LCD televisions, which are more energy efficient compared to traditional CRT televisions are installed throughout the Hotel.
- A Biomass boiler fuelled by cinnamon wood is used, for heating water and to generate steam for the laundry
- Hot water for the Spa and guest rooms in the newly constructed wing is generated by solar panels.

Hotel energy consumption for the year 2013/14 is given in the table below:

Source			Consumption	
			Units	MJ
Indirect	Electricity		1,548,865.20 kWh	5,575,914.72
Direct	Non - Renewable	LPG	36,225.00 kg	1,713,442.50
		Diesel	28,109.64 L	1,020,034.18
	Renewable	Biomass	467,290.00 kg	6,705,611.50
		Solar	13,200.00 kWh	47,520.00
Total Annual Energy Consumption				15,062,522.90

Total Energy consumption via direct and indirect energy sources

Energy Consumption of the Hotel (%)



Reductions achieved due to energy conservation/ efficiency improvements and use of renewable energy sources at Jetwing Lighthouse during the year under review.

Initiative	Consumption		Omission of CO ₂ released (kg/year)
	Amount	(Units)	
Energy-saving bulbs ¹	73,214	kWh	31,116
Card-key system ²	12,212	kWh	5,190
LED TVs ³	4,676	kWh	1,987
Central Solar hot water system	13,200	kWh	5,610
Biomass Boiler for Hot water (Diesel savings)	116,823	Litres	314,124
Dual set point thermostat ⁴	89,973	kWh	38,239
Savings from VFDs	12,720	kWh	5,406
Total Savings			401,672

Assumptions used in data derivation

¹Calculated on 70% of bulbs being used for 6 hours per day, in comparison to incandescent bulbs

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

³Calculated for use of 3 hours per day

⁴Calculated for 6 hours per day on stand-by mode

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Looking forward, we will become even more energy efficient. We are targeting:

- To achieve 100% illumination through energy saving lights.
- To provide for day time electrical energy requirement via a Solar PV system
- Install a Vapour Absorption or replace the existing chiller with a high efficient chiller to meet the Hotel's entire air-conditioning requirement.

Water

Over 95% of the total water requirement for Jetwing Lighthouse and Jetwing Kurulubedda is obtained from the city water supply. A limited water requirement for the swimming pools at Jetwing Lighthouse is extracted from groundwater.

	Annual consumption (m ³)	Proportion of total water requirement
City water supply	61,104.68	96%
Groundwater	2,737.50	4%
Total consumption	63,842.18	100%

All waste water produced by the Hotel is sent to a waste water treatment plant - this includes waste water from the kitchen and guest rooms. The treated waste water meets the Hotel's entire requirement for use in the gardens.

The quality of discharged water is routinely checked by an accredited external company to ensure, it meets the required standards of the Central Environmental Authority

Average treated waste water quantity	3,745.06	m ³ /month
Total treated waste water quantity	44,940.75	m ³ /year

Biodiversity

Located as we are, along the southern coastline, our proximity to the bountiful Indian Ocean is the stimulus for a wealth of activity in nurturing and protecting the biodiversity of the locality.

Blue Whale Conservation Projects at Jetwing Lighthouse

Mirissa in Southern Sri Lanka has now established itself as the world's top spot for watching the Blue Whale, the largest creature to have inhabited our planet. During the season, Blue Whales can be seen virtually every day at a strike rate of over 95% just a few nautical miles from the shore, which is unprecedented when compared to sightings of these endangered animals in other parts of the world. Sperm whales too may be observed occasionally.

Jetwing Lighthouse has been at the forefront of researching, promoting and branding environmentally responsible whale watching to the world. The Hotel provides whale watching excursions under the guidance of our resident naturalist, Anoma Alagiyawadu who is an expert in the field and has completed over 700 whale watching excursions.

The Jetwing Lighthouse Whale and Dolphin Centre

Opened in January 2012, during the Galle Literary Festival, the Jetwing Lighthouse Whale and Dolphin Centre is the first of its kind in the Southern Coast of Sri Lanka. To encourage and promote conservation, the center aims to educate and create awareness of these magnificent creatures.

The core objectives of the Centre are to:

- Continue further studies and research; to monitor the occurrence of all cetaceans along the coastline in Sri Lanka through surveys in order to obtain a comprehensive list of species and their comparative abundance in the area and the threats to their existence. This will help the protection of all cetaceans, their environment, and the marine ecosystems they inhabit.
- Educate school children, university students and the general public, especially local communities, boat operators, conservationists, whale watching enthusiasts and hoteliers.
- Provide information regarding marine life through a variety of notice boards, films, videos, photographs and books on marine diversity.
- Conduct weekly or monthly lectures, training programs and workshops on various subjects with the support of local and foreign experts. School children, university students, school teachers, members of the general public and overseas visitors/guests too could use these facilities for their studies and to develop their knowledge.

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- Improve Responsible Whale Watching: Travel with boat operators who exercise client safety and are mindful of the welfare of the animals; conduct naturalist training programmes for licensed boat operators.
- Conduct awareness programmes on marine pollution and threats; Blue whales and other cetaceans may get wounded, sometimes fatally, after colliding with ocean going vessels and fishing boats as well as become trapped or entangled in fishing gear. The ever-increasing amount of ocean noise, including sonar, drowns out the vocalizations produced by whales, which may make it harder for them to communicate.

Project BLUEprint

Project BLUEprint was launched in 2012 at the World Travel Mart, as a joint partnership between Whale and Dolphin Conservation (WDC), Sri Lankan Airlines, Jetwing Lighthouse and John Keells Hotels. The project aims to develop community-based whale watching and promote responsible vessel behaviour at Mirissa whilst rolling out this model to other whale watch regions including Kalpitiya and Trincomalee.

Jetwing Lighthouse hosted the first visit of the WDC team comprising of Vanessa-Williams Grey, Cynthia Walsh and Andrew Sutton to Sri Lanka in February - March 2013, where they had opportunities first hand to get an in-depth understanding of how the vessels operate in Mirissa and the opportunity to network with key stakeholders including hoteliers, tour operators, boat operators as well as local researchers and the conservationists.

In October of 2013, a two day training workshop was conducted for whale watch operators in Mirissa. Ninety people attended this workshop, mainly local whale watch skippers and crew members; they were joined by representatives from the Sri Lankan Navy and Coastguard, the tourism industry, research community and other stakeholders. The workshop was conducted in Sinhala, the local language, and covered all aspects of responsible vessel handling and safety protocols. The following day, around 70 skippers and crew attended a practical boat training session where classroom theory was put into practice.

Only by bringing all stakeholders of the industry together can we hope to develop whale watching in a sustainable manner. From the community's perspective, this project helps them realize that, recognizing that protecting the whales and dolphins they encounter in their waters also means protecting the livelihood of each and every member of their community.

Emissions

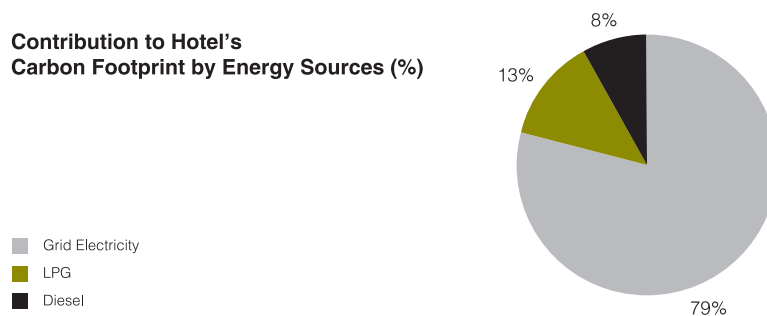
Source		Consumption Units	Emissions (tonnes CO ₂)*
Indirect	Grid Electricity	1,548,865.20 kWh	650.52
Direct	LPG	36,225.00 kg	108.12
	Diesel	28,109.64 L	64.34
	Biomass (Cinnamon wood)†	467,290.00 kg	0
Carbon footprint for year 2013/14			822.98

*Direct and Indirect emissions are measured according to scope 1 and 2 respectively as defined by the IPCC. Indirect Carbon emissions are calculated using the factors of Greenhouse Gas Protocol (GHG Protocol) governed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD); and the direct emissions are calculated using factors published in the 2006 IPCC Guidelines for Greenhouse Gas Inventories.

†Cinnamon wood is considered as a sustainable energy resource due its short (6 months) cropping cycle.

Contribution to Hotel's Carbon footprint by direct and indirect energy sources

**Contribution to Hotel's
Carbon Footprint by Energy Sources (%)**



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In order to reduce the GHG emissions associated with the Hotel's operations, Jetwing Lighthouse has actively reduced its grid electricity consumption by both reducing its energy demand via energy conservation measures and promoting non-fossil fuel based (renewable) energy generation.

The Hotel does not use any ozone depleting substances in any of its operations and have not experienced any instances of hazardous spills for the period under review.

Waste

Solid waste generated by the Hotel is separated at sources of origin in all departments such as the kitchen, restaurant and bar, housekeeping, linen room, maintenance, stores and guest rooms. Dry solid waste (such as cardboard, plastic, glass bottles and metal) is sold for recycling or reuse. To encourage staff towards better waste separation and recycling, the income from these sales are credited to the staff welfare society. Degradable wet waste is composted for use as fertilizer in the Hotel gardens. All garden waste is composted in a conventional compost pit, and is used as organic fertilizer in the Hotel gardens.

Type	Disposal Method	Annual Generation
Wet (food) waste	Sent to piggery	22,568 kg
Cardboard	Sold for recycling	1,325 kg
Paper	Sold for recycling	759 kg
Glass bottles	Sold for recycling	5,624 Nos
PET bottles	Sold for recycling	328 kg
Plastic cans	Sold for recycling	364 Nos
Polythene	Sold for recycling	54 kg
Aluminium cans/Tin	Sold for recycling	1,202 kg
Garden trimmings	Composted and used as organic fertilizer	N/A
Annual Income (Rs.)		125,495