

Managing Director's Review

Well Focused

We approached 2013/14 with several areas of focus firmly in our sights as we believed they would help us deliver another year of good results whilst also enhancing the unique 'Jetwing Lighthouse experience' we offer to our guests.

This year we concentrated on 'completing' the Hotel; by this I mean we brought room inventory up to 85 with the addition of 22 rooms in a new wing of the Hotel. We expanded the spa complex and refurbished all existing rooms, the bar, restaurant and kitchen whilst also establishing a new restaurant, 'Nihal's', which is named after one of our top chefs who has been a vital part of the Hotel for the past 16 years.

These measures, apart from significantly enhancing the Hotel's offer, also optimally position us to leverage the development and growth in the tourism industry as evidenced by the growing number of arrivals.

Also kept in view was the constant need to improve our customer satisfaction ratio and to seek out and put into action more sustainability initiatives.

What makes Jetwing Lighthouse different

In a hospitality market that sees fierce competition across all segments – from city hotels, to resorts, boutique properties and beyond, I believe the uniqueness of Jetwing Lighthouse lies in the way we blend 'taken for granted' aspects of hospitality. Beginning with the Jetwing ethos and the identity we want all our properties to own and profess, we move through the service excellence, skill and expertise of our associates, then the quality standards we set for everything.

I believe this to be our differentiator.

Performance

The Lighthouse Hotel PLC achieved growth in revenue (11%) which was mainly driven by room revenue growth of 14% and increase in food & beverage revenue by 8%.

Profitability also increased with profit before tax reaching Rs. 137 million compared with Rs. 127 million, the previous year. Profit after tax amounted to Rs. 122 million, up 9% from last year's Rs. 112 million.

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Jetwing Lighthouse and the wider Stakeholder Community

We have a wide and varied interaction with the wider communities and enterprises.

We buy local produce and goods whenever we can - items such as fish (available in abundance off the Southern coast), vegetables and fruit. This practice occurs within the Hotel's parameters of quality and is a source of sustenance and encouragement for local vendors.

In a programme unique to Jetwing Lighthouse, we have converted a potentially volatile situation involving local 'tuk tuk' drivers who initially resented our presence in Galle, into a win-win. We reached out to this community in all sincerity, offered to train and absorb some of them into the Hotel operations fold and utilise their services to transport our guests as desired. We trained them on ethics, manners, discipline, grooming and how to deal with guests in a proper manner.

The Jetwing Youth Development Programme is enacted across the Jetwing Family of Hotels. Under this initiative we identify youth from localities around our hotels who do not have opportunities to build futures for themselves and we take them under our wing, teaching them our trade and other skills. At Galle, we selected 20 youth, taught them English, skills of our trade and finally employed them at Jetwing Lighthouse.

We pioneered whale watching off the Southern coast and today have an extensive involvement in this activity, which is described in detail further on in this report.

These are but a few of the activities in a substantial portfolio.

Staying ahead in an Electronic Era

The influence of ICT pervades all, these days. For the hospitality industry, an almost 'real time' assessment of your hotel goes on 24/7 through websites that support travellers and travel related businesses alike.

A good example is TripAdvisor. Today, this site has become the 'go to' point of reference for would be travellers, to check on the hotels at their intended destination. Also such sites contain postings by guests who are often completely candid about their experiences at their points of stay.

In this scenario, hotels have to be at the top of their game all the time, every day to ensure that customer feedback stays positive.

With such a close eye; Jetwing Lighthouse can feel justifiably proud to have garnered a 90% approval rating from feedback posted on TripAdvisor. TripAdvisor awarded Jetwing Lighthouse the Certificate of Excellence for the year 2013.

Staying ahead of the game involves broadly speaking, two areas. Ensuring that our media communications, particularly electronic, convey exactly what a customer can expect to receive at the Hotel; whilst also maintaining an always up to date website. Secondly, never letting up on pushing the customer satisfaction levels further - the latter aspect keeps our product always relevant, properly targeted to our clientele and creates opportunities for delighting the guest as many times and in as many ways possible during their stay.

The Jetwing Culture and the Jetwing Lighthouse Team

The culture across the entire Jetwing *Family* is based upon Passion, Humility, Integrity and Tenacity. This is how we did it over 40 years, guided by our founder and late Chairman Herbert Cooray, and how we do it now under the stewardship of our current Chairman.

Jetwing is really one big family; it is why we do not use words like 'staff' or 'employees' - we are associates across all grades and we have a common objective whether in the Boardroom or the kitchen - doing what has to be done, to the best of our ability, sincerely and with pride, to make the Jetwing star the brightest in the industry.

Jetwing Lighthouse in the National Context

Jetwing Lighthouse shines within the firmament of Jetwing Hotels. The Company's portfolio of some of the best leisure sector properties in this region of the world contributes significantly to the national interest of boosting tourism. We see ourselves as partakers, shareholders if you will, in the enterprise of marketing and bringing Sri Lanka to the world through our offer of luxury hospitality for tourists who visit our shores in ever growing numbers.

Thank You

I would like to conclude by thanking our Chairman and the Board of Directors for their guidance, support and the confidence they have placed in me and the Management of the Hotel.

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I thank Jetwing's Hotel Management team for their support and hard work in helping us achieve the results we have.

I bid fond farewell to our outgoing General Manager Mr Robert Claesson and wish him well in his future undertakings as General Manager of another Jetwing property.

A warm welcome to Ms. Priyanthika Wijenaikie our incoming General Manager; who returns to Jetwing Lighthouse after a brilliant performance at Jetwing Vil Uyana. I have full confidence in her, and wish her the very best in this new challenge.

My heartfelt appreciation is extended in full measure to tour operators and travel agents without whose support and loyalty we would find it difficult to go on; and those who have experienced the hospitality of Jetwing Lighthouse over the past year for their comments and suggestions that have always helped us - by encouraging words and ideas for continuous improvement.

Thank you our dear associates of every rank - your contribution, dedication and passion is why Jetwing Lighthouse has posted such good results, year after year. Well done!

To our shareholders, my heartfelt appreciation and thanks for your confidence in Jetwing Lighthouse and its ability to deliver consistent and growing value year upon year.

R.A.E. Samarasinghe

Managing Director

28th April, 2014