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Citrus Leisure PLC

Annual Report 2021/22

Contents

Chairman's Review	1
Review of the CEO	4
Board of Directors	7
Management Discussion and Analysis	10
Annual Report of the Board of Directors on the Affairs of the Company	16
Corporate Governance	23
Statement of Directors' Responsibility	52
Audit Committee Report	54
Remuneration Committee Report	57
Related Party Transactions Review Committee Report	59
Risk Management	61
Independent Auditors' Report	64
Statement of Profit or Loss	68
Statement of Comprehensive Income	69
Statement of Financial Position	70
Statement of Changes in Equity	72
Statement of Cash Flows	74
Notes to the Financial Statements	76
Five Year Summary	166
Statement of Value Added	167
Share Information	168
20 Major Shareholders of the Company	169
Directors' and CEO's Shareholding	170
Notice of Annual General Meeting	171
Form of Proxy	173
Corporate Information	Inner Back Cover

Chairman's Review

I am pleased to present the Annual Report of Citrus Leisure PLC for the financial year 2021/22 which provides an insight into the Group's strategies and performance. Despite the unprecedented economic environment due to the COVID-19 pandemic as well as the ongoing economic downturn of Sri Lanka, we have maintained our commitment to timely and transparent financial reporting.

Industry Overview

Subsequent to the pandemic which affected most businesses and lives throughout the last financial year, this financial year began with even greater uncertainty for all Sri Lankans in the form of an acute economic crisis further fuelling social and political unrest, which is of grave concern for all businesses and especially the leisure sector at the time of writing this message.

As a forerunner in the local leisure sector who closely works with and is involved in this business segment, we felt the hardship and the financial stress, and sadly, it has been aggravated further by the turmoil of acute shortage of foreign exchange, basic essentials and especially fuel which is grinding the economy to a halt.

The country's tourism sector has grown over time to emerge as one of the most valuable players in the Sri Lankan economy, contributing 12% to the country's GDP. This sector also contributes towards employment generation, forex earnings as well as ensuring a steady supply of revenue. It was indeed heartening to witness the positive trends which are depicted in the international tourist arrivals, which have increased by more than two folds to a staggering 130% in January 2022. However, this trend was hampered with the Omicron variant wreaking havoc globally and travel restrictions coming into force. The war in Ukraine poses new

challenges to the global economic environment and risks hampering the return of confidence in global travel. Russia and Ukraine, remain as the top and third-largest tourist markets respectively. Nearly 20,000 tourists from Russia and Ukraine have travelled to Sri Lanka in January 2022, accounting for more than a quarter of all visitors. A steady influx of tourists would undoubtedly help aid the recovery of the disaster-hit industry with its foreign exchange woes; it is critical that the industry strives to obtain optimum results from the upcoming tourist seasons; increased tourist arrivals and tourism receipts will form the basis for a turnaround of the industry as well as the country.

Government Contribution

On behalf of the Board, I wish to thank the Government and the Central Bank of Sri Lanka for the directives given to the banks facilitating moratoriums and new loans at concessionary interest rates. These measures are vital steps which have been embarked on in order to stabilise the holistic sector. It is also encouraging to note the strides the tourism authorities are taking to formulate a future marketing strategy together with the key stakeholders in the industry. It is important that all stakeholders pull together in achieving this common goal. Sri Lanka has carved a niche in the source markets of India, China, the United Kingdom and Germany, and more recently with Russia and Ukraine. These markets remain hopeful and optimistic of the potential of this our island nation, and it is therefore necessary that we ensure our house is in order which will enable us to take giant steps towards prosperity.

Group Performance

Our performance demonstrates how far we have come in building operational agility and lasting margin resilience into the business and the actions

Chairman's Review

we took were fully in line with the strategic growth pillars. Clearly, the COVID-19 pandemic and the economic recession of the country during the second half of the year had an impact on our performance. The biggest impact of the trading and movement restrictions imposed to reduce the spread of the COVID-19 pandemic during Q1-Q2 resulted in holistic slowdown in the industry. Despite this negativity, the Group was able to report a turnover of Rs. 848 Mn against the previous year turnover of Rs. 496 Mn, reporting a year-on-year growth of 72%.

Looking Ahead

Although Sri Lanka Tourism declared 2022 as the 'Visit Sri Lanka Year' in line with the integrated five-year Global Communication Campaign (GCC), aiming to attract six million tourists and USD 10 billion revenue by 2025 despite the challenges faced due to COVID, Sri Lanka's on-going economic crisis seems to have crippled these plans. The United Kingdom and Canada have issued travel advisories to their citizens to restrict visiting Sri Lanka, warning of the country's current power failures, gas and food shortages and accelerating essential food prices. Besides the pandemic fear, the sudden spread of dengue in the island has put Sri Lanka into a quite desolate state. In order to resurrect from these doldrums, the national fiscal and monetary authorities need to carefully sequence, calibrate and coordinate their policies to avoid sudden disruptions. This requires the complete mobilisation of governments, international financial institutions, credit-rating agencies and others.

However, all seems not lost with the European winter season approaching. It is necessary for the Tourist Board to take hastened steps through promotions targeting this segment, which will in turn ensure a substantial number of travellers being captured through these promotions. A positive winter season would mark a significant turnaround to the dwindling dollar reserve issue, while ensuring a positive impact across the entire Hotel and leisure sector.

The Chinese travel market is one of the top ten markets for Sri Lanka and Sri Lanka is an ideal destination which caters to their holiday and travel requirements at all times. China's outbound travel market is driven by powerful demographics. Its 1.4 billion people are becoming wealthier, with steady income and high purchasing power results in increased travel out of the country.

The Sri Lankan Tourist Board also aims at tapping into the Indian tourist market and has in place a string of events including roadshows which will be held in the cities of Chennai, Bangalore, Hyderabad, Mumbai, and New Delhi later on this year. Tourists from India dominated Sri Lanka's tourism market last year, contributing almost 23% of the total 194,000 tourists who visited the island country in 2021.

The increase in air fares has been a damper in attracting many tourists into our island nation, especially from the European sectors, however these markets too are been looked at lucratively with authorities taking necessary steps to increase inflow. On the flip side the lower air travel costs incurred within the Asian region has given rise to the increase in number of Indian and Chinese travellers. There are proposals to increase flights between Sri Lanka and

India, especially budget carriers; if these plans come to fruition, Sri Lanka would become more attractive to the Indian market especially in light of massive increases in airfares around the world.

The Russian-Ukrainian war has curtailed many travellers from these two countries, with travel bans on Russians increasing in the intent of a peaceful solution been achieved. With limited destinations available to these travellers, it is necessary for the tourism authorities take hastened steps to capture this segment.

Tourism is slated to play a crucial role in the resurrection of the country's distressed economic condition, by attracting foreign exchange earnings and complementing the growth rate in the years to come. With the country looking for a way out of the mess it finds itself in on the economic front, the tourism sector will be expected to revive its fortunes, which in the past had been a source of much glory for the Sri Lankan economy.

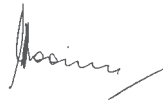
In order to generate greater interest, Sri Lanka needs to increase the visibility of the destination, selling the destination as a must visit place in the world as well as marketing the various products and services available in Sri Lanka.

It would also be necessary to rebrand Colombo as an Entertainment Hub, which will attract more travellers. The city has many new developments slated to transform the entertainment offering to tourists. This includes the proposed Cinnamon Life project and the Port City Colombo project which hold unprecedented potential to promote the entertainment industry.

Appreciations

I would like to express my sincere gratitude to my fellow board members for their continued support throughout the year under review. I would also like to place on record my appreciation to the management and employees of the Company, as well as the government authorities, who ensured the Group remained afloat amidst the many challenges the year brought upon us.

On behalf of the Board of Directors, I thank all our stakeholders and you, our valued shareholders, for the trust you have placed in us to lead your Company in the coming years.



E P A Cooray
Chairman

31 August 2022
Colombo

Review of the CEO

It is with great pride that I present this review of Citrus Leisure PLC's operations during the financial year ended 31 March 2022. The Group has remained resilient and steadfast in its approach, having recorded growth despite a turbulent macroeconomic environment that has caused social and political unrest in the country. The Sri Lankan economy recorded a growth of 3.7 percent in 2021, compared to -3.6 percent in 2020. With the relaxing of COVID-19 pandemic-related restrictions, there was a sense of hope and revival, with the three economic sectors – agriculture, industry, and services – showing growth.

However, short-sighted economic, fiscal, and monetary policy saw the country experiencing the worst economic crisis the nation has ever seen. The Group had to contend with severe domestic macroeconomic pressures, primarily from a deteriorating external financing position which has resulted in shortages of essential items such as, food and medicine, disruption in power supply, hyperinflation and most significantly-political uncertainty. There was an increasing trend of the general public participating in social movements in the form of peaceful gatherings and demonstrations, and this created further uncertainty.

We hope that all parties will work together in the national interest to resolve this current crisis and paving the way for a stable leadership to be formed which will enable the wheels of the economy to turn with sustained fuel supply, restoring of power, instilling investor confidence and more importantly concluding IMF discussions thus enabling all business to work efficiently to contribute better for the recovery of the Sri Lankan economy.

Performance Review

Through these challenging times, the Group Company was able to record a revenue of Rs. 848 Mn in the financial year under review, which is a 72% growth over the last year. Citrus Hikkaduwa reported 73% occupancy level during the winter season while Citrus Waskaduwa and Citrus Silver reported occupancy levels of 46% and 71% respectively. However with the difficult first half of the financial year, Citrus Hikkaduwa posted 47%, Citrus Waskaduwa 38% and Citrus Silver 45% as their overall occupancy for the financial year 2021-22.

Sri Lanka opened its doors to tourism in January 2021 and persevered despite several setbacks which were experienced with the emergence of new COVID-19 variants. Post pandemic recovery necessitated the development of new source markets, as traditional markets for tourism were not seen as viable due to stringent travel restrictions. Gathering momentum, tourist arrivals stood at 106,500 in March 2022.

With tourism edging its momentum towards positivity the unexpected Russo-Ukrainian war which escalated in Feb 2022 sent immediate shock waves across the globe. The invasion caused Europe's largest refugee crisis since World War II, and an immediate halt to travellers from both countries. This in turn crippled the local leisure sector which was dependent of the tourist influx from both these countries.

In this backdrop, all properties across the Group remained operational during the year under review, rebounding from their functionality as COVID-19 quarantine centres. Citrus Waskaduwa, being the first to restart operations under a new programme as a quarantine centre, remained as an Intermediary Care Centre (ICC) with Kings Hospital Colombo until September 2021. After the handing over

of the property, a comprehensive clean up and refurbishment took place, prior to commencing normal operations on 01st November 2021. Citrus Hikkaduwa began operations as an Intermediary Care Centre (ICC) in May of 2021 in partnership with Ruhunu Hospitals up to September 2021. This property too underwent a comprehensive clean up and refurbishment before it opened its doors to guests on 01st November 2021. The handing over of both Citrus Waskaduwa and Citrus Hikkaduwa were done in collaboration with the health authorities with all necessary procedures and protocols followed.

Citrus Silver Limited is the managing company of Steuart by Citrus Hotel, & Co Pub Restaurant, which are located at Hospital Lane, Fort. The Steuart, Colombo also recommenced normal operations at the end of May 2020 after first wave of COVID-19 pandemic but faced a challenge in that it had been mainly catering to international business travellers. However, the success of the restaurant among local patrons created a revenue generation source that allowed the property some breathing space. While the year boosted an occupancy of 45% in comparison to 23% of the previous year, the demonstration which took place at Galle Face Green blocked all routes to this property, hence ending the year on a low key. The two new restaurants, namely Ceylon Curry Club Restaurant & Heladiv Tea Club Restaurant commenced operations in July and October 2021 respectively. The venture has been well received during its initial months and displayed positive signs in patronage and revenue.

The Group took bold strides in their offering venturing into Boutique Villa operations from April 2022. The property which is located at Victoria Golf Club Digana, is an exquisite bungalow that is located in the midst of scenic vistas. The property which consists of 4 bedrooms, seamlessly blends the

natural surroundings with immaculate design and offers visitors meticulously crafted accommodations that come equipped with all necessary amenities. Plans are underway to add couple of more luxury villas to our villa collection in the near future.

Creating the correct atmosphere to complement each of these properties is an aspect which Citrus Leisure ensures. An integral part of this is having the right people in the right places. As a service sector operator, our team is a vital part of our value creation process and our competitive edge in the industry. Retention remained a key challenge given that the impending negative economic sentiments have created a brain drain locally, with many professionals leaving Sri Lankan shores to venture beyond. This has created a huge vacuum in the holistic leisure sector and within the Citrus properties. While we as a group of companies ensure our employees are remunerated according to industry standards, uncertainty and political unrest could be named as the attributing factors to this scenario.

Way Forward

Sri Lanka has a difficult journey ahead. With the much-needed corrective measures being implemented by the Central Bank of Sri Lanka recently, and the focus on building the credibility of the Sri Lankan economy, we believe that in time the country can overcome the current crisis. The government's decision to seek the assistance of the International Monetary Fund (IMF) is only the starting point and will propel the country to implement critical reforms.

Sri Lanka is facing unprecedented challenges that could affect the future of generations, and as responsible corporate citizens, we believe it is our duty and responsibility to remain hopeful, persevere, and give the necessary support to ensure that our country emerges from this economic catastrophe.

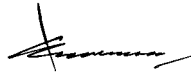
Review of the CEO

We approach the current situation with cautious optimism combined with realism and I believe this will be a test of survival for businesses globally. Our diversity, strong partnerships with principals of global repute, and an experienced and professional team are key strengths that will support our recovery from this crisis. Every crisis gives rise to positive transformations, and the Group will focus on this positivity. As a pioneer in the local leisure sector we are taking all steps to develop and implement rapid responses as far as possible to unpredictable challenges that could occur in this volatile economic and business environment, while ensuring we look at all avenues to uplift the tourism sector to its previous splendour.

Acknowledgment

As we end the year on a strong note, we remain steadfast and determined than ever on our journey of growth. The resilient performance by the Group is the result of the yeoman contribution of the family at Citrus, and I thank them for their untiring efforts to drive the performance of the Group during the year. We have greater challenges to face in the months ahead and request their unstinting support in creating an even more resilient and sustainable Group that will endure to create greater value for its stakeholders. I take this opportunity to thank the Board for their guidance through unprecedented challenges and thank the Chairman for his visionary foresight.

We are appreciative of our bankers and count on their continued support in the years ahead as well. Our business partners have been a key strength in managing our recovery and we are eager to collaborate to drive the revival of the affected sector. In closing, I thank the shareholders for their confidence, and trust they will be a part of our revival journey in the coming year.



P C B Talwatte
Chief Executive Officer

31 August 2022
Colombo

Board of Directors

Mr. Prema Cooray

Mr. Prema Cooray, the immediate Past Chairman of Aitken Spence PLC counts well over 40 years' experience in travel and tourism. He led the Hotel Sector of Aitken Spence for several years making a significant contribution in making Aitken Spence a leading player in the development of resorts both in Sri Lanka and Maldives.

He is acknowledged for the pivotal role played in the development of sustainable tourism and especially for his leadership in developing the renowned Kandalama Hotel which has won many global accolades for its contribution to environmental management, food and beverage excellence and service standards of a truly exceptional nature. These attributes signaled the entry of Sri Lanka's tourism to the world map of the hospitality industry.

He led the pioneering effort of large-scale expansion to the Republic of Maldives in early '90s and this regional development contributed exceptionally to the overall profile and growth of Aitken Spence.

Mr. Prema Cooray was awarded the "Legend of Tourism" by the Ministry of Tourism in 201. He is the Past President of the Tourist Hotels Association of Sri Lanka (1998-2000) and was the Chairman of the Sri Lanka Convention Bureau (2007-2009 & 2015-2017). He also served as the Secretary-General/ CEO of the Ceylon Chamber of Commerce (2003- 2008).

He chairs a rainforest initiative in Sinharaja partnered by the private sector which benchmarks the best practices of Eco Tourism development in Sri Lanka. He is also a director of Fort Hotels Group representing three hotels and also of Lighthouse Hotel PLC.

Mr. Cooray has an MBA from the University of Sri Jayawardenepura, is a Certified Management Accountant and he is also a Member of the Institute of Hospitality, UK.

Mr. Dilith Jayaweera

Mr. Dilith Susantha Jayaweera is a Sri Lankan corporate leader with over three decades of experience building businesses that have grown to enjoy industry leadership.

He is the Group Chairman of George Steuart & Co., Sri Lanka's oldest mercantile establishment in which he took a controlling interest in 2011. He also sits on the Boards of Citrus Leisure PLC and Colombo Land and Development Company PLC, which are listed on the Colombo Stock Exchange.

He first rose to prominence in the advertising industry by co-founding Triad (Pvt) Ltd., in 1993. Triad is Sri Lanka's largest and most awarded communications entity today and is the single largest indigenous provider of brand building, advertising, and creative services through its extensive diversification into many related services.

Mr. Jayaweera is the Chairman of Powerhouse (Pvt) Ltd., the holding company of Derana, Sri Lanka's preeminent media offering with a wide presence across multiple platforms. He also established Liberty Publishers (Pvt) Limited, which is the publisher of three national broadsheets – "Aruna", "The Morning" and "Thamilan".

Mr. Jayaweera holds an LLB from the University of Colombo and an MBA from the University of Wales, and is an Attorney at Law.

Ms. Varuni Amunugama Fernando

Ms. Varuni Amunugama is the co-founder of Triad, the largest and most awarded Sri Lankan communication powerhouse extensively diversified to offer integrated communication solutions. She also serves as a Director in many companies including Powerhouse (Pvt) Ltd., the holding company of Sri Lanka's premium entertainment offering, TV Derana and FM Derana.

Board of Directors

She is also a Director of George Steuart Group, which is the oldest corporate house and one of the largest conglomerates in Sri Lanka, diversified into almost every industry.

Her stamp on corporate Sri Lanka is accentuated by her belief that 'Sri Lanka Can', which has been the driving principle behind the Group's ventures.

Ms. Amunugama read for her LLB at the University of Colombo and is an Attorney-at-Law. She also holds a Diploma in Advertising from L'Ecole-de-Publicitaire, Paris.

Mr. Sarva Ameresekere

Qualified in both business and engineering, Sarva Ameresekere has extensive local and foreign exposure in diverse areas of business.

Sarva Ameresekere is the Group Executive Director of George Steuart & Company Ltd., Sri Lanka's oldest business entity established in 1835. He plays a pivotal role in the management and strategic planning of the Group's diversified sectors including tea exports, healthcare, FMCG, financial services, industrial solutions and travel & leisure. Accordingly, he holds several key positions within the Group including directorships of all of its listed entities - Citrus Leisure PLC and its subsidiaries, Colombo Land and Development Company PLC, and HVA Foods PLC.

Mr. Ameresekere also serves as the Director / CEO of Triad (Pvt) Ltd, one of Sri Lanka's leading creative communication entities. The Triad group integrates a cluster of companies specialized in a plethora of communication disciplines, thereby offering clients an unmatched holistic and synchronized communication solution.

He holds a master's degree in Engineering Management from the University of Southern

California, Los Angeles and a bachelor's degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

Mr. Chandana Talwatte

Mr. Chandana Talwatte has been serving in the capacity of Executive Director/Chief Executive Officer of Citrus Group since 2012.

Prior to joining Citrus group, he served at John Keells Holdings PLC, playing an integral role in its leadership team from 1993, having served as Vice President, Director/CEO at several group companies including Bosanquet and Skrine Ltd the trading arm of JKH group, Mackinnon Mackenzie & Co of Ceylon Ltd, foreign employment division of JKH as Director/CEO, Mackinnons Travels Outbound travel Company as Director, Mack International Freight (Pvt) Ltd as Director/CEO, Whittals Boustead Cargo as Director/CEO and Cinnamon Lakeside Colombo as Vice president and Head of Sales Marketing, PR and operations.

Following the Asian tsunami of 2004, Mr. Talwatte was seconded to serve the Government of Sri Lanka as Director Task Force for "Rebuilding the Nation" overseeing the funding pledged by international donors. He is also a member of the Board of Directors of Sri Lanka Tourism Promotion Bureau.

Mr. Rajinda Seneviratne

Mr. Rajinda Seneviratne's family established Reefcomber Hotel in Hikkaduwa in the 1980s which is currently known as Citrus Hikkaduwa Hotel. The family has diversified into trading in tea, packaging and warehousing through Corona T Stores Ltd. Mr. R. Seneviratne is the Managing Director of Corona T Stores Ltd.

Mr. Manoj Pilimatalawwe

Mr. Manoj Pilimatalawwe joined the Board of Citrus Leisure PLC in December 2010 and is on the boards of several Group Companies. He is currently an Executive

Director of George Steuart and Company since June 2016 having joined the Board in September 2012 in a non-executive capacity. He currently overlooks the operations of George Steuart Solutions which specializes in air conditioning, elevators and other building solutions.

He was previously at Brandix Lanka Ltd. and at PricewaterhouseCoopers Lanka Ltd. and possesses experience in areas of general management, management consultancy, IT operations and technology strategy formulation.

Mr. Pilimalawwe holds a Master's Degree in Information Technology from The Keele University in U.K., and a Bachelor of Science (Honours) Degree in Information Systems from Manchester Metropolitan University in U.K., and is a member of the British Computer Society (MBCS). He is also a Chartered Information Technology Professional (CITP) and counts well over 20 years corporate experience.

Mr. Suresh de Mel

Mr. Suresh de Mel is an Entrepreneur and Agricultural Engineer, graduate of CalPoly State University, San Luis Obispo, California, USA.

He worked as an Agricultural & Environmental Engineer in the USA for 10-years, while learning the sport of Fly Fishing and experiencing the US market for hand tied Fishing Flies (artificial sport fishing bait used for fly fishing), before returning home in 1990. Lanka Fishing Flies (Pvt) Ltd., a pioneering export industry in Sri Lanka, was started by his father in 1981 as a cottage industry in their home to manufacture hand-tied, signature Fishing Flies for export. Today the Company employs 200 people in Nugegoda, Tangalla and Ratnapura, producing the world's highest quality fishing flies. Mr. de Mel has been its Managing Director since 1991.

He also owns and operates Sportfishing Lanka, a pioneering, professional sportfishing and Scuba diving

tourism operation. He also leads EcoWave (Gte) Ltd., a social enterprise supporting 300 organic home gardens, EcoWave Natural Foods that operates a plant to process and package certified organic spices, herbs and traditional rice for export, and several SME start-ups in responsible tourism and sustainable agriculture.

He actively serves on the Council of the Employers Federation of Ceylon, the Director Boards of the Hambantota District Chamber of Commerce, and the Skills Development Fund Ltd. He is also the Acting Managing Director of The Global Entrepreneurship Network Sri Lanka and serves on several other Boards and Committees, local and global, for the development of Agriculture, Tourism, SME's, Entrepreneurship, Responsible Business Practices, and Business for Peace. He strongly believes in, and practices, the "People – Planet – Profit" model for business.

In December 2020, Mr. de Mel was appointed as the Chairman of the Sri Lanka Export Development Board and currently serves on multiple Presidential Commissions and Task Forces related to economic development and exports in Sri Lanka.

Mr. Vasula Premawardhana

Mr. Vasula Premawardhana was appointed to the Board of Citrus Leisure PLC with effect from 02nd May 2012. He is an accomplished professional with over 30 years of comprehensive management experience comprising local and international hands-on experience in the fields of Capital Markets and Risk Management. Further, he is a former Director of the Securities and Exchange Commission of Sri Lanka and former CEO of Colombo Land & Development Company PLC.

He holds an MA in Financial Economics from the University of Colombo and a BSc in Computer Science from the University of Southern California - USA.

Management Discussion and Analysis

Citrus Hotels & Resorts

Citrus Hotels & Resorts operates a chain of unique properties renowned for magical experiences, authentic Sri Lankan hospitality and personalized service.

Citrus Waskaduwa is the Group's flagship resort; the 150 roomed five-star property is situated along a 400m beachfront in Waskaduwa, overlooking the Indian Ocean.

Citrus Hikkaduwa, a 90-roomed resort on the popular Hikkaduwa beach, embodies the splendour of the locality, providing guests with access to its vibrant nightlife and many recreational activities.

The Stuart by Citrus is the Group's Scottish-themed, eight-storey boutique business hotel at the heart of Colombo's commercial district. The building – Stuart House – was the original headquarters of George Stuart & Co and the styling of The Stuart by Citrus pays homage to that legacy.

Citrus operates "Ceylon Curry Club" a modern restaurant at the Dutch hospital premises which serves authentic Sri Lankan food with a twist of fusion. During the year under review, Citrus commenced managing and operating the Heladiv Tea Club restaurant which is also in the Dutch Hospital precinct.

The Global Economy

The global economy enters 2022 in a weaker position than previously expected. As the new Omicron COVID-19 variant spread during the early part of the year, several countries reintroduced some mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The ongoing retrenchment

of China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

Global growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022—half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the two largest economies. A revised assumption removing the Build Back Better fiscal policy package from the baseline, earlier withdrawal of monetary accommodation, and continued supply shortages produced a downward 1.2 percentage-points revision for the United States. In China, pandemic-induced disruptions related to the zero-tolerance COVID-19 policy and protracted financial stress among property developers have induced a 0.8 percentage-point downgrade.

According to World Bank, the global growth is expected to slow down significantly in 2022 to 2.9% and average 3% in 2023/24. The World Bank report notes that Russia's invasion of Ukraine is the second major global shock in just over two years, worsening the global economic slowdown. In particular it has strained global supply chains and caused significant additional increases in the prices of many commodities, particularly those exported by Russia and Ukraine. This has contributed to a further acceleration of inflation in both advanced economies and emerging markets and developing economies (EMDE). Global financial conditions have tightened considerably, reflecting increases in monetary policy rates, greater volatility, and waning risk appetite.

Global Tourism

Based on the latest available data, global international tourist arrivals more than doubled (+130%) in January 2022 compared to 2021 - the 18 million more visitors recorded worldwide in the first

month of this year equals the total increase for the whole of 2021.

While these figures confirm the positive trend already underway last year, the pace of recovery in January was impacted by the emergences of the Omicron variant and the re-introduction of travel restrictions in several destinations. Following the 71% decline of 2021, international arrivals in January 2022 remained 67% below pre-pandemic levels.

After the unprecedented drop of 2020 and 2021, international tourism is expected to continue its gradual recovery in 2022. As of 24 March, 12 destinations had no COVID-19 related restrictions in place and an increasing number of destinations were easing or lifting travel restrictions, which contributes to unleashing pent-up demand.

The war in Ukraine poses new challenges to the global economic environment and risks hampering the return of confidence in global travel. The US and Asian source markets, which have started to open up, could be particularly impacted especially regarding travel to Europe, as these markets are historically more risk averse.

The shutdown of Ukrainian and Russian airspace, as well as the ban on Russian carriers by many European countries is affecting intra-European travel. It is also causing detours in long-haul flights between Europe and East Asia, which translates into longer flights and higher costs. Russia and Ukraine accounted for a combined 3% of global spending on international tourism in 2020 and at least US\$ 14 billion in global tourism receipts could be lost if the conflict is prolonged. The importance of both markets is significant for neighboring countries, but also for European sun and sea destinations. The Russian market also gained significant weight

during the pandemic for long haul destinations such as Maldives, Seychelles or Sri Lanka. As destinations Russia and Ukraine accounted for 4% of all international arrivals in Europe but only 1% of Europe's international tourism receipts in 2020.

The World Tourism Organization (UNWTO) Panel of Experts survey in January 2022 indicates that 61% of tourism professionals expect better performance in 2022 than in 2021. However, 64% also believe international tourism will not return to 2019 levels until 2024 or later.

Sri Lankan Economy

The Sri Lankan economy rebounded in 2021, following the COVID-19 induced contraction in 2020. As per estimates, the Sri Lankan economy recorded a growth of 3.7% in 2021 in real terms compared to the contraction of 3.6% in 2020.

The Gross Domestic Product (GDP) at current market prices of Sri Lankan economy was estimated at US dollars 84.5 billion in 2020 compared to US dollars 81 billion in 2019. The per capita GDP was recorded at USD 3,815 in 2021 compared to USD 3,695 in the previous year.

The Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) stood at 5% and 6% as at end 2021. In April 2022, the Central Bank raised policy rates significantly by 700 basis points, the highest single day adjustment in recent history to arrest the buildup of excessive demand driven inflationary pressure.

The exchange rate was maintained at around Rs 200- 203 per USD during most of 2021 and until early March 2022. However, following the adjustment in exchange rate in March 2022 and subsequent market pressure, the Sri Lankan rupee

Management Discussion and Analysis

depreciated sharply by 33% against the USD by end March 2022.

The year-on-year headline inflation based on CCPI accelerated to 12.1 percent by end 2021 from 4.2 percent at end 2020 this has further increased to 54.6% in June 2022 from 39.1% in May 2022. This increase in Y-o-Y inflation was driven by the monthly increases of both Food and Non-Food categories. Accordingly, Food inflation (Y-o-Y) increased to 80.1% in June 2022 from 57.4% in May 2022, while Non-Food inflation (Y-o-Y) increased to 42.4% in June 2022 from 30.6% in May 2022.

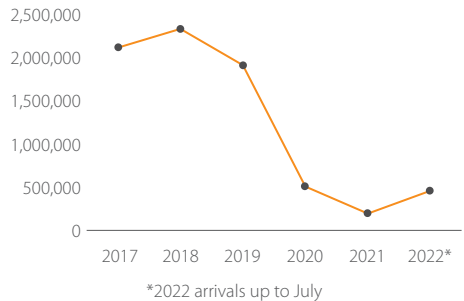
According to the Central Bank, Sri Lanka’s economy is envisaged to grow modestly in the near term as the economy is to reset with a debt restructuring programme and long overdue structural reforms alongside an economic adjustment programme to be supported by the IMF, which is expected to facilitate the economy in the medium term.

Sri Lankan Tourism

The global pandemic made an adverse impact on Sri Lankan tourism while it was recovering from the impact of the Easter attacks of 2019. Sri Lanka recorded an uptick in the number of foreign travelers visiting in the latter part of 2021. Total arrivals neared 196,000 in 2021 and improved further during the first quarter of 2022 to 285,334 arrivals up to March 2022. March 2022 tourist arrivals surpassed the 100,000 (106,500) mark first time since February 2020. Russia, India, United Kingdom, Germany, and France were Sri Lanka’s top five tourism generating markets from September 2021 to March 2022, with India being the largest source of tourist traffic to Sri Lanka during this period. There was a steady increase in the number of arrivals from Russia up until February 2022, which saw a decline in March 2022, due to the Russia Ukraine conflict and the consequent sanctions imposed on Russia.

In addition to pandemic, the economic crisis in Sri Lanka had an adverse impact on the tourism industry. This year, Sri Lankans have been grappling with long power cuts, severe shortages of fuel and gas and medicine, and soaring prices of food and other essentials. As unrest grew and protests spilled onto the streets, the government was forced to impose curfews and declare a state of emergency in April, and thereafter in May and July. The uncertainty and unrest and ensuing political uncertainty amid the worst economic crisis the country has faced since independence has meant that tourist arrivals dropped drastically from March 2022.

Tourist Arrivals to SL



Stakeholder Relationships

Investors

Investors serve as the lifeblood of the Company through the provision of financial resources essential to our continuity; and thus, Citrus keeps investors informed and engaged in the decisions and actions carried out by the Company. Investors meet with the management during the Annual General Meeting and they are provided periodic reports on financial performance on an annual and interim basis. Further regular communication is undertaken wherever relevant— enabling the Company to maintain strong investor relationships.

Citrus considers it one of their primary duties to constantly improve performance so that the return to its investors through dividends and capital gains are always satisfactory.

Guests

Guests are at the heart of every operation Citrus undertakes, and exceeding guest expectations through exceptional service is how we make them experience the true sense of Sri Lankan hospitality. Our teams are continuously improving our services, to maintain high standards in all we do.

At Citrus, we are dedicated to expand our offerings and facilitate an enjoyable, memorable and secure experience.

Employees

Employees play a critical role in Citrus' performance and growth, especially during the last few years, during which the Company was required to be responsive and adaptive to challenging environments.

Citrus values each one of its employees, and over the years has facilitated employee development with periodical performance appraisals motivating and supporting employees to improve in areas the management considers important. Above-industry remuneration, training and development programmes, personal development and career progression opportunities, staff entertainment programmes and numerous other benefits have helped Citrus to retain the best talent in the industry. Citrus is one of the few companies that has not curtailed any benefits given to its staff during the pandemic and the current crisis.

Regulatory Authorities

Compliance with regulations set out by relevant authorities is vital to ensure smooth operations,

and at Citrus we consistently maintain existing regulations, while implementing new regulations as per authority guidelines.

By issuing annual and interim financial reports on time and participating in events organised to inform companies of new developments in regulations and compliance requirements, regulatory authorities are well informed of our current and future developments.

Industry and Competitors

Citrus considers it a duty to contribute towards the tourism and hospitality industry of Sri Lanka, and practices fair competition, plays an active part in the industry organisations and associations, follows industry standards and norms, while helping the country achieve its goals in terms of tourism and hospitality.

Suppliers

At Citrus, our supply chain has enhanced our performance through the years, and these collaborations are built upon mutual value and trust.

Each supplier is chosen through a systemised standard process after conducting stringent appraisals on several potential suppliers, a procedure which is integral to the performance of the Company. This has ensured the Company maintains sound communication and reliable contracts, whilst regularly monitoring products and material.

Way Forward

While numerous factors have made negative impacts on the tourism industry during the year under review, the Company remains confident of its long-term prospects.

The prevailing economic condition in Sri Lanka doesn't bode well for the development of the tourism industry. But it is hoped that the government

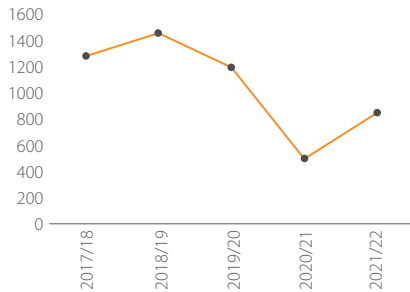
Management Discussion and Analysis

together with the private sector keep strategising and implementing a plethora of measures to facilitate the tourism industry and promote Sri Lanka in target markets as a tourist destination. Tourism is Sri Lanka’s low hanging fruit, and its resurgence will play an important role in resolving the country’s economic crisis.

As Citrus Hotels & Resorts continues to work closely with all our stakeholders, we are confident that our efforts and their impact will boost the market as well as the sector in the years ahead.

Financial Performance

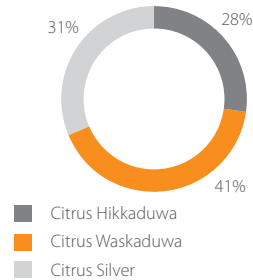
Revenue Rs. Mn.



Performance of the Group was significantly impacted by the COVID-19 pandemic during the first half of the financial year but the performance has improved compared to previous financial year due to the revenue generated from Intermediary Care Centre (ICC) operations at both Citrus Waskaduwa and Hikakaduwa and recommencement of normal hotel operations.

Citrus Waskaduwa and Citrus Hikakaduwa operated as ICC to provide accommodation and medical care for asymptomatic and mild symptomatic COVID-19 patients up to end of September 2021 and then the Hotel were reopened for foreign and

Revenue Contribution



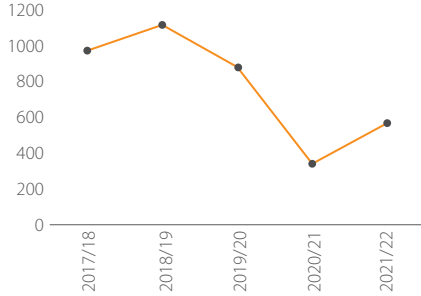
Sri Lankan travelers from 01st November 2021 after a comprehensive refurbishment of the Hotels while Citrus Silver carried out its normal operations throughout the year.

Group revenue increased by 72% to Rs. 848 million during the year compared to previous financial year. Citrus Waskaduwa generated Rs. 351 Mn while Citrus Hikakaduwa and Citrus Silver generated Rs. 232 Mn and Rs. 265 Mn respectively. The new additions to the Group, Ceylon Curry Club restaurant and Heladiv Tea Club also generated Rs. 56 Mn in Food and Beverage revenue out of the total revenue of Rs. 265 Mn recorded under Citrus Silver.

The Hotels maintained better revenue and occupancy levels during the winter season from December to March compared to first eight months of the financial year mainly due to decline in COVID-19 pandemic globally as well as in Sri Lanka. Citrus Hikakaduwa reported 73% occupancy level during the winter season while Citrus Waskaduwa and Citrus Silver reported 46% and 71% respectively. However with the difficult first half of the financial year Citrus Hikakaduwa posted 47%, Citrus Waskaduwa 38% and Citrus Silver 45% as their overall occupancy for the financial year 2021-22.

Gross Profit

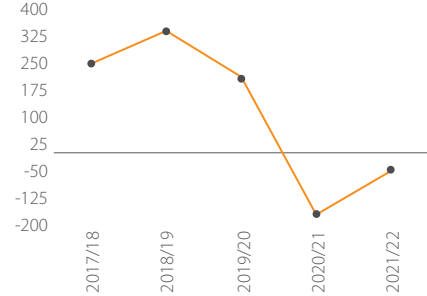
Rs. Mn.



Gross profit (GP) of the Group increased by 67% compared to the previous year mainly due to increase in revenue as stated above. Also the Group has been able to maintain the same GP ratio as previous year, even with the higher rate of inflation compared to last financial year mainly due to various steps taken by the Hotel to minimise its cost without compromising its service offering to the guests at this difficult time period.

EBITDA

Rs. Mn.



The Group implemented stringent expense controls and cost optimization strategies across its Hotels to mitigate the impact of low revenues on group profitability. These measures resulted in improving the EBITDA margin from -35% to -6% compared to previous year. Concurrently, working capital management measures implemented through negotiations with suppliers and by securing loan facilities, particularly through the various relief measures extended by the Government and the Central Bank, assisted in managing liquidity.

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

The Board of Directors of Citrus Leisure PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 March 2022, conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended best practices.

General

Citrus Leisure PLC is a public limited Company which was incorporated under the Companies' Ordinance No. 51 of 1938 as a Limited Company on 5th December 1973, and listed on the Colombo Stock Exchange in 1984. The Company was re-registered as per the Companies Act No. 7 of 2007 on 27th November 2008 with PQ 211 as the new number assigned to the Company and the name was changed as "Citrus Leisure PLC" on 23rd December 2010.

Principal Activities

The principal activities of the Company were investing and managing subsidiaries and provision of food and beverage, lodging, and other hospitality industry related activities.

Review of Operations

The management discussion and analysis covers the operations of the Company during the financial year under review on pages 10 to 15.

Financial Statements

The complete Financial Statements of the Company duly signed by two Directors on behalf of the Board are given on pages 68 to 165.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on pages 64 to 67.

Accounting Policies

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 76 to 102 and are consistent with those of the previous period

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 7 to 9.

Executive Directors

Mr. D S Jayaweera
Ms. V S F Amunugama
Mr. P C B Talwatte

Non-Executive Directors

Mr. S A Ameresekere
Mr. P V S Premawardhana
Mr. J M B Pilimatalawwe

Independent Non-Executive Directors

Mr. E P A Cooray
Mr. R Seneviratne
Mr. S D de Mel

Recommendation for re-election of Directors who retires by rotation

Mr. J M B Pilimatalawwe and Mr. D S Jayaweera who retires by rotation in terms of Article 84 of the Articles of Association of the Company and being eligible are recommended by the Directors for re-election.

Re-appointment of a Director who is over 70 years of age

Mr. E P A Cooray who has attained 74 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Directors of Subsidiary Companies

Hikkaduwa Beach Resort PLC

Mr. E P A Cooray
Mr. D S Jayaweera
Mr. R Seneviratne
Mr. P V S Premawardhana
Mr. S A Ameresekere

Waskaduwa Beach Resort PLC

Mr. E P A Cooray
Mr. D S Jayaweera
Mr. R Seneviratne
Ms. V S F Amunugama
Mr. J M B Piliimalawwe
Mr. S D de Mel
Mr. S A Ameresekere

Citrus Silver Ltd

Mr. D S Jayaweera
Ms. V S F Amunugama

Citrus Vacations Limited

Mr. E P A Cooray
Mr. D S Jayaweera
Ms. V S F Amunugama
Mr. S D de Mel
Mr. J M B Piliimalawwe
Mr. P V S Premawardhana

Citrus Aqua Limited

Mr. E P A Cooray
Mr. D S Jayaweera
Ms. V S F Amunugama
Mr. R Seneviratne
Mr. S D de Mel
Mr. J M B Piliimalawwe
Mr. P V S Premawardhana
Mr. D M Wickramasinghe
Mr. H C de Silva
Mr. H S Martenstyn

Board of Directors and Relevant Interest in Shares

The Board consists of nine Directors, comprising of three Executive Directors and six Non-Executive Directors, of whom three are Independent.

Directors' interest in the shares of the Company as at 31 March 2022 and 31 March 2021 were as follows:

Name of the Director	No. of shares as at 31.03.2022	No. of shares as at 31.03.2021
Mr. E P A Cooray	42,200	42,200
Mr. D S Jayaweera	30,240	30,240
Ms. V S F Amunugama	30,240	30,240
Mr. P C B Talwatte	Nil	Nil
Mr. R Seneviratne	254,565	254,565
Mr. P V S Premawardhana	Nil	Nil
Mr. J M B Piliimalawwe	Nil	Nil
Mr. S D De Mel	100,000	100,000
Mr. S A Ameresekere	Nil	Nil

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

Independence of Directors

Based on the declarations submitted by the Non-Executive Directors, the Board has determined that three (03) Non-Executive Directors, namely, Messrs. E P A Cooray, R Seneviratne and S D De Mel are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

Directors' Interests in Contracts or Proposed Contracts and Interest Register

The Company maintains an Interest Register in terms of the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

Directors' Remuneration

The Directors' Remuneration is disclosed under key management personnel compensation in Note 34.4.1 to the Financial Statements on page 157.

Corporate Governance

The Directors place a high degree of importance on sound corporate governance practices and are committed to the highest standards of corporate governance within the organization.

The Directors confirm that, the Company is in compliance with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange.

The report on Corporate Governance is given on pages 23 to 51 of the Annual Report.

Delegation of Authority

The Board has delegated the authority of the day to day management of the Company to the Chief Executive Officer who is responsible for delivering services according to the policies and the budgets approved by the Board.

Delegation to Board Members

The Board has delegated certain functions and duties to Sub Committees that comprises of Board members. The functions and duties of each Sub Committee namely, the Audit Committee, the Remuneration Committee and the Related Party Transactions Review Committee are detailed in the respective reports.

The Board is also encouraged to seek independent professional advice when necessary, at the Company's expense and also have access to the Company Secretary to obtain advice and services as and when necessary.

Appraisal of Board Performance

The Board is aware that appraising their own performance periodically would enhance the understanding of individual performance of the Board as a whole. The Board members ensure that Board responsibilities are satisfactorily discharged.

Directors' responsibilities for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state of affairs.

The Directors are of the view that the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to Financial Statements appearing on pages 68 to 165 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (LKAS/SLFRS), Companies Act, No.07 of 2007, Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on pages 52 to 53.

Independent Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors of the Company during the year under review. The Auditors do not have any other relationship with the Company other than as Auditors of the Company who have also provided certain non-audit services. A total amount of Rs. 345,000/- is payable by the Company to the Auditors for the year under review. Rs.195,000/- as audit fees and Rs.150,000/- as non-audit fees respectively.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 31st August 2022 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The details of the fee payable to the Auditors have been set out under the Note 9 to the financial statements.

Stated Capital

The Stated Capital of the Company as at 31 March 2022 was Rs. 3,256,172,662/- representing 267,229,723 ordinary shares (Rs. 3,256,172,662/- representing 267,229,723 ordinary shares as at 31 March 2021).

Internal Controls

The Board through delegation to the Audit Committee ensures that the Company maintains a sound system of Internal Controls to safeguard investments and Company's assets. Therefore, the Audit Committee conducts a review of the effectiveness of the Company's system of internal controls.

Major Transactions

The Board of Directors is required to act in accordance with Section 185 of the Companies Act No. 07 of 2007 with regard to 'major transactions' as per the said Section 185. There were no major transactions entered into by the Company during the year.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings per share, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 168 to 170 under Shareholders' Information.

Employment Policy

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

As at 31 March 2022, 30 persons were in employment (31 persons as at 31 March 2021). There were no material issues pertaining to employees and industrial relations during the financial year.

Statutory Payments

The Directors confirm that to the best of their knowledge, all payments in respect of statutory liabilities including EPF, ETF and PAYE tax have been made within the stipulated periods during the financial year.

Reserves

The reserves of the Company with the movements during the year are given in financial statements on pages 72 to 73.

Land Holdings

The Company does not hold any freehold land.

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

Property, Plant & Equipment

Details and movements of property, plant and equipment are given in Note 14 to the Financial Statements on pages 112 to 118.

Investments

Details of the Company's quoted and unquoted investments as at 31 March 2022 are given in Note 18 to the Financial Statements on page 123.

Donations

No Donations were made by the Company, while the donations made by the Group during the year amounted to Rs. 27,522/-.

Dividends

Directors do not recommend a dividend for the year under review.

Audit Committee

The Audit Committee comprises of five (05) Non-Executive Directors of whom three (03) are Independent.

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

The Report of the Audit Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

The Report of the Audit Committee appears on pages 54 to 56.

Remuneration Committee

The Remuneration Committee comprises of five (05) Non-Executive Directors of whom three (03) are Independent;

Mr. J M B Pilmatalawwe	- Non-Independent Non-Executive Director	- Chairman of the Committee
Mr. E P A Cooray	- Independent Non-Executive Director	- Member
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

The Report of the Remuneration Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

The Report of the Remuneration Committee appears on pages 57 to 58.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee comprises of one (01) Executive Director and four (04) Non-Executive Directors of whom two (02) are Independent

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. P C B Talwatte	- Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

The Report of the Related Party Transactions Review Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

The Report of the Related Party Transactions Review Committee appears on pages 59 to 60.

Declaration - Compliance with Rule 9 of the Listing Rules

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31 March 2022.

Related Party Transactions/Disclosures during the year

Presented below are the recurrent and non-recurrent related party transactions which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2.

Non-Recurrent Related Party Transactions – Disclosure in terms of Rule 9.3.2(a) of the Listing Rules

There were no non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group as per 31 March 2021 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Section 9.3.2(a) of the Listing Rules of the Colombo Stock Exchange

Recurrent Related Party Transactions – Disclosure in terms of Rule 9.3.2(b) of the Listing Rules

A declaration of recurrent Related Party Transactions during the period under review is given in below table

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the Financial year	Aggregate value of Related Party Transactions as a % of net Revenue/ Income	Terms and conditions of the Related Party Transactions
George Steuart & Company Ltd	Parent	Loans obtained	110,000,000	22%	Interest is charge at 7.5%
Hikkaduwa Beach Resort PLC	Subsidiary	Funds Transferred (loans given)	72,300,000	15%	Interest is charge at AWPLR (six (06) months)
Citrus Silver Limid	Subsidiary	Funds Transferred (loans given)	60,900,000	12%	Interest is charge at AWPLR (six (06) months)

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

Non-compliance with the minimum public holding requirement of the Colombo Stock Exchange

The Company's public holding percentage dropped below 20% with effect from 15th July 2019 consequent to the transfer of 19,554,965 shares of the Company following acceptances received under the Mandatory Offer dated 3rd June 2019 made by George Steuart and Company Limited.

On 17th September 2021 and 23rd September 2021, Divasa Equity (Pvt) divested a total of 16,425,760 shares out of its 26,316,246 shares held in the capital of the Company, consequent to which the shareholding of Divasa Equity (Pvt) Ltd PLC dropped from 9.85% to 3.70%. Accordingly, the public holding percentage which was 13.93% has increased to 20.07% on completion of the sale of shares by Divasa Equity (Pvt) Ltd, thereby meeting the public holding percentage to be listed on the Main Board of the Colombo Stock Exchange and the CSE transferred back company's Securities from the Second board to the main board on 07th October 2021.

Events after the reporting date

There were no Events after the Reporting Date which would require adjustment to or disclosure in the Financial Statements except Note 36 to the Financial Statements.

Going Concern

After making adequate enquiries from the management the directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

Special Business

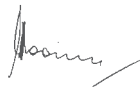
The Directors have recommended amendments to the Articles of Association whereby the methods of holding general meetings have been further expanded to include the holding of General Meetings on virtual platforms. Accordingly, a special resolution is placed before the shareholders at the forthcoming Annual General Meeting to obtain shareholders' approval for the said amendments to the Articles of Association.

Annual General Meeting

The Annual General Meeting of the Company will be held on 26th September 2022 at 11.15 am at Sri Lanka Foundation Institute, Lecture Hall No 03, No 100 Sri Lanka Padanama Mawatha, Independent Square, Colombo 07.

The Notice of the Annual General Meeting is on pages 171 to 172 of this Report.

This Annual Report is signed for and on behalf of the Board of Directors by



E P A Cooray
Chairman



S A Ameresekere
Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

31 August 2022
Colombo

Corporate Governance

Our Governance Framework

Regulatory Framework Assurance

Companies
Act No. 7 of 2007

Listing Rules of the Colombo
Stock Exchange (CSE)

Code of Best Practices on
Corporate Governance issued
jointly by SEC and ICASL

Sri Lanka Accounting
Standard/SLFRS

Corporate Governance (CG) is a framework of rules and practices by which an organisation is directed, controlled and managed. Our CG framework provides an overview of the Corporate Governance structures, principles, policies and practices of the Board of Directors of Citrus Leisure PLC (REEF). At Citrus, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship among the Board, Management, Shareholders and other Stakeholders is established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performance are determined.

To serve the interests of shareholders and other stakeholders, REEF's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organisation. Further, the Board considers good governance practices to be precedent and endeavour to go beyond the legal requirement by implementing International best CG practices and stakeholder engagement, ensuring high standards of professionalism and ethics.

The Board provides strategic leadership and guidance and sets the tone to ensure that the development of the Company is based on values. We believe that our values are the driving force across the Group and are our guiding force for good governance.

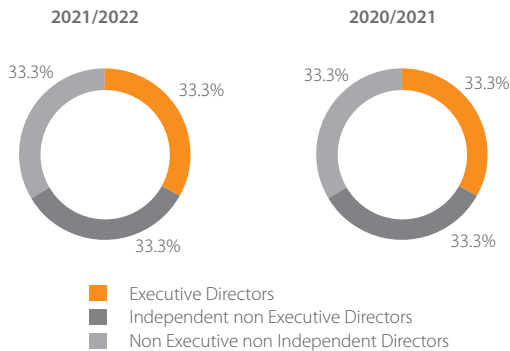
Corporate Governance

Board of Directors

The Board of Directors is committed to maintain the highest standards of corporate governance and ethical business conduct in the operations and decision making process. In this regard, the Board of Directors is responsible for the governance of the Company whilst the shareholders' role in governance is to appoint the Directors and the Auditors to satisfy themselves that an appropriate governance structure is in place.

Board composition and Directors Independence as at 31 March 2022

Name of the Director	Status of the Director	Shareholding
Mr. E. P. A. Cooray	Chairman and Independent non Executive Director	Yes
Mr. D. S. Jayaweera	Executive Director	Yes
Mr. R. Seneviratne	Independent non Executive Director	Yes
Ms. V. S. F. Amunugama	Executive Director	Yes
Mr. S. D. De Mel	Independent non Executive Director	Yes
Mr. J. M. B. Pilimatalawwe	Non Executive non Independent Director	No
Mr. P. C. B. Talwatte	Executive Director	No
Mr. P. V. S. Premawardhana	Non Executive non Independent Director	No
Mr. S. A. Ameresekere	Non Executive non Independent Director	No



Directors' Responsibility for the preparation of the Financial Statements

The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, and preventing and detecting fraud and/or other irregularities. The Board of Directors also confirms that the applicable Sri Lanka Accounting Standards have been adhered to, subject to any material departures being disclosed and explained in the notes to the financial statements.

The Board of Directors further confirms that suitable accounting policies are consistency applied and supported by reasonable and prudent judgement and estimates, and have been applied in the preparation of the financial statements.

Compliance regarding Payments

The Board of Directors confirms that all known statutory payments have been paid up to date and all retirement gratuities have been provided for in the financial statements. At the same time, all management fees and payments made to related parties have been reflected in the financial statements.

Internal Control

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place.

Stakeholders

The Board is conscious of its relationship with all stakeholders including the community within which it operates with sustainable and eco-friendly practices. The Hotels enhance and uplift staff standards and morale through regular training and improved facilities. This facilitates improvement in service levels, thereby enriching guest experience. Satisfied guests, apart from providing repeat business, also act as ambassadors for the Hotels.

Going Concern

The Board of Directors is satisfied that the Company is a going concern and has adequate resources to continue in business for the foreseeable future. For this reason, the Company follows the "going concern" basis when preparing financial statements.

Board Meetings

The Board meets regularly to discharge their duties effectively. The Board's functions include the assessment of the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, review of management and operational information, adoption of annual and interim accounts before they are published, review of exposure to key business risks, strategic direction of operational and management units, approval of annual budgets, monitoring progress towards achieving the budgets, approvals relating to key appointments, sanctioning major capital expenditure etc.

Corporate Governance

The attendance at the Board meetings held during the financial year 2021/22 is given below.

Name of Director	Status	2021			2022	Meetings attended
		06-08-2021	31-08-2021	15-11-2021	15-02-2022	
Mr. E. P. A. Cooray	NED/IND	✓	Ex	✓	✓	3/4
Mr. D. S. Jayaweera	ED	✓	✓	✓	Ex	3/4
Mr. R. Seneviratne	NED/IND	✓	Ex	Ex	✓	2/4
Ms. V. S. F. Amunugama	ED	✓	✓	✓	Ex	3/4
Mr. J. M. B. Pilimatalawwe	NED	✓	✓	Ex	✓	3/4
Mr. S. D. De Mel	NED/IND	✓	✓	Ex	✓	3/4
Mr. P. C. B. Talwatte	ED	✓	✓	✓	✓	4/4
Mr. P. V. S. Premawardhana	NED	✓	✓	✓	✓	4/4
Mr. S. A. Ameresekere	NED	✓	✓	✓	✓	4/4

NED-Non Executive Director, IND-Independent Director, ED- Executive Director, Ex-Excused

Compliance with the Code of Best Practices in Corporate Governance 2017 & CSE's New Listing Rules- Section 7.10, Rules on Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
The Board	A.1	7.10.1(a) / 7.10.2(a)	Compliant	<p>Citrus Leisure PLC is headed by an effective board, which is responsible for the leadership, stewardship and governance of the Company. The Board of Directors comprises of,</p> <ul style="list-style-type: none"> • Three Executive Directors (ED) • Three Non-Executive Independent Directors (NED/ID) • Three Non-Executive Non Independent Director (NED/NID)

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Meetings	A.1.1		Compliant	<p>Four (4) Board Meetings were held during the year and the Company is compliant with the Code of Best Practice as the Board has met in every quarter of the financial year 2021/22. The Board meets as a practice as and when required. Agendas and papers are circulated in advance to enable informed deliberation at meetings and decisions are made by consensus. The Board met on key matters of importance to the Company, including the approval of strategic and operating plans, capital expenditure, financial statements by giving due attention to accounting standards and policies, ensuring compliance with legal and ethical standards, ensuring effective risk management and audit systems and addressing matters that have a material effect on the Company.</p> <p>Regularity of board meetings and the process of submitting information have been agreed and documented by the Board. Information reported on regular basis includes; but not limited to,</p> <ul style="list-style-type: none"> • Financial and operating results for each quarter. • Key Performance Indicators. • Financial Performance compared to previous periods and budgets. • Forecasts for the future period. • Statutory Compliance. • Management Audit Report and Internal Audit Scope. • Details of Related Party Transactions. • Capital Expenditure Schedules

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Responsibilities	A.1.2		Compliant	<p>The Board of Directors of Citrus Leisure PLC bears the responsibility for providing strategic direction, achieving objectives, responsible corporate behavior, risk management, utilization of resources responsibly, for ensuring leadership through effective oversight and review, whilst setting the strategic direction and delivering sustainable shareholder value over the long term. The Board seeks to achieve this through setting out its strategy, monitoring its strategic objectives and providing oversight of its implementation by the management team. In establishing and monitoring its strategy, the Board considers the impact of its decisions on wider stakeholders including employees, suppliers and the environment. Effective Corporate Governance is central to the Group's ability to operate successfully, as a Board, we take seriously our responsibility for setting high standards of accountability & ethical behavior. In performing its role, the Board is responsible for,</p> <ul style="list-style-type: none"> • Providing the leadership for formulation and implementation of an effective business strategy, by emphasizing on sustainable development in Corporate Strategy, decisions and business activities, whilst ensuring all stakeholder interests are considered in corporate decisions. Also, approving budgets and major capital expenditure and establishing a process of monitoring and evaluating strategy implementation, budgets, plans and related risks.

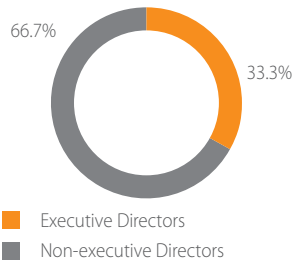
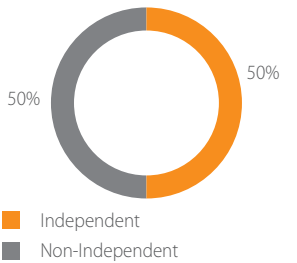
Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				<ul style="list-style-type: none"> • Ensuring that the CEO and the Management Team possesses sufficient skills, competencies, experience and knowledge to implement company strategies. • Ensuring that the business practices are in compliance with the laws, regulations and Company's code of ethics. • Establishment of effective internal controls, risk management and business continuity practices, ensuring that the adoption of appropriate accounting policies and compliance with financial regulations and Establishment of a process for Corporate Reporting. • Reviewing, monitoring and taking corrective action with regard to the achievement of the corporate strategies. <p>Key decisions are reserved for the Board's approval and are not delegated to management. These include matters relating to the Group's strategy, approval of major acquisitions, disposals, capital expenditure, financial results and overseeing the Group's systems of internal control, governance and risk management. The Board delegates certain responsibilities to the management, to assist it in carrying out its functions of ensuring independent oversight.</p>
Compliance with Laws and access to Professional Advice	A.1.3		Compliant	The Board acts in conformity with the laws of the country and the Board and the Audit Committee is tabled a compliance statement on statutory requirements on quarterly basis at the Board and Audit Committee meeting.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				The Board of Directors are provided with the opportunity of seeking professional advice at the expense of the Company, whenever it is necessary; with regard to certain technical matters and other business affairs ensuring that the Directors possess sufficient knowledge and experience in making high quality and independent decisions.
Company Secretary		A.1.4	Compliant	P W Corporate Secretarial (Pvt) Ltd. functions as Secretaries to the Board. They ensure that appropriate Board processes are adopted, Board procedures and applicable rules and regulations adhered to and details and documents are made available to the Directors and Senior Management for effective decision making at the meetings. Further Company Secretary acts as the mediator between Directors, Auditors and Sub-committees of the Board facilitating the communication and information flow among above parties.
Directors' Independence	A.1.5		Compliant	The objectivity and independent judgment in all decisions of the Directors are established by ensuring that the Board acts unrestrictedly from undue influence of other parties or circumstances.
Adequate time and effort from Directors	A.1.6		Compliant	Board of Directors dedicates adequate time and effort to discharge their duties and responsibilities owed to the Company. The Board papers are distributed to the Directors ahead of the meetings, providing the opportunity to call for additional information and clarifications before the meeting. The Board has delegated the authority of directing the routine operations of the Company to the Executive Directors/CEO of the Company.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Call for resolution to be presented	A.1.7		Compliant	A Director may and the secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
Training for Directors	A.1.8		Compliant	Existing Directors are encouraged to improve their knowledge base and skills on a continuous basis and the newly appointed Directors are introduced to the Board and the Senior Management after induction sessions conducted on Governance Framework, Company's culture and values, business model and strategy, duties and responsibilities of the Directors, current laws and regulations applicable to the tourism and hotel industry and important matters that were discussed during prior meetings.
The Role of the Chairman and Chief Executive Officer (CEO)	A.2: & A.3		Compliant	There is a clear separation between the role of the Chairman and the CEO, with regard to the duties and responsibilities ensuring a balance between the power and authority and that no one individual has unfettered powers of decision making. The Chairman has the authority over the Board proceedings whereas the CEO is in charge of the day-to-day operations of the Company. The Chairman preserves the effective performance of the Board and facilitates the effective discharge of Board functions by ensuring that Board proceeding are carried out in proper manner.
Financial Acumen	A.4		Compliant	The Chairman of the Company is a Certified Management Accountant and with extensive knowledge and experience in financial matters. In addition, the rest of the Board members sufficiently possess knowledge on financial matters, based on experience gathered in their respective fields.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Balance	A.5		Compliant	<p>The Board comprises of three Executive Directors and six non-executives Directors out of which three are Independent Directors and three non-independent Directors ensuring that no individual or small group can dominate the Board's decisions.</p>  <p>66.7% 33.3%</p> <ul style="list-style-type: none"> ■ Executive Directors ■ Non-executive Directors
Non-executive Directors with sufficient calibre	A.5.2		Compliant	<p>The Board of Directors of the Company Comprises six non-executive Directors out of which three are Independent and this ratio was maintained throughout the year.</p>  <p>50% 50%</p> <ul style="list-style-type: none"> ■ Independent ■ Non-Independent

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Independence of Non-Executive Directors	A.5.3, A.5.4 & A.5.5	7.10.2 (b) Available with Secretaries 7.10.3 (a),(b) & (c) 7.10.4 (a-h)	Compliant	The presence of Non-executive Independent Directors enables independent judgment. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted a declaration confirming their Independence as at 31 March 2022 in accordance with section 07 of the CSE listing regulations on Corporate Governance. The biographical details of the Directors are set out on pages 7 to 9 of this report.
Alternative Director	A.5.6		Not Applicable	This principal is not applicable as an Alternate Director has not been appointed during the finance period 2021/22.
Senior Independent Director	A.5.7 & A.5.8		Not Applicable	This principal is not applicable as the Chairman is an Independent Non-executive Director.
Interactions between the Chairman and Non-executive Directors	A.5.9		Compliant	The Chairman holds meetings with the Non-executive Directors, without the presence of the Executive Directors as and when necessary.
Minutes on Directors concerns	A.5.10		Compliant	Any concerns of Directors on matters of the Company that cannot be unanimously resolved will be recorded in Board Minutes, as and when such concern arises.
Supply of Information	A.6		Compliant	The Board is provided with timely information on a regular basis as well as ad hoc reports and information as and when it is requested from the management.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Provision of adequate information on a timely basis to the Board	A.6.1 & A.6.2		Compliant	The minutes, agenda and the Board papers required for the Board meetings are provided to the Directors at least seven days before the meeting and management is obliged to provide the Board with relevant and timely information for effective decision making. Directors are also provided the opportunity to make enquiries from industry experts and professionals, senior management, auditors, central internal departments and the Company Secretary for further details and information as and when necessary.
Appointments to the Board	A.7	7.10.3 (d)	Compliant	Citrus Leisure PLC has a formal and transparent procedure for the appointment of Directors to the Board.
Nomination Committee & annual assessment of Board composition	A.7.1 & A.7.2		Compliant	<p>The Company does not have a separate committee for nomination.</p> <p>However, the existing Board Members function in a manner that is similar to a formally appointed Nomination Committee in matters concerning new appointments to the Board.</p> <p>During the year, the Board critically evaluated the "quality" of the Board in terms of their qualifications, experience, independence and the value that can be added to the Company to effectively meet the demands of the Company. The Board is satisfied with its composition and the level of qualifications, knowledge and experience it possesses as a whole in order to meet strategic demands facing the Company.</p>

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Disclosure of new Board Appointments	A.7.3		Compliant	Shareholders must formally approve all new appointments at the first opportunity after their appointment, as provided by the Articles of Association of the Company; subsequently to the submission of a brief resume, nature of expertise, details about directorships in other companies, and the independence of a new Director, to the shareholders.
Re-election	A.8		Compliant	One third of the Directors shall retire at each AGM and eligible for the re-election.
Approval from shareholders for election and reelection of Directors	A.8.1 & A.8.2		Compliant	All Directors including the Chairman over the age of seventy years and the Directors retiring by rotation in terms of the Articles of Association of the Company, submit themselves to be re-elected at the AGM to be held on the 26th of September 2022 by the shareholders and the proposals for re-election are specified in Notice of Meeting section on pages 171 to 172.
Resignation	A.8.3	Not Applicable		There has not been a resignation of a Director during the year 2021/22.
Appraisal of Board Performance	A.9	Compliant		Performance of the Board is evaluated from time to time with at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually coordinated by the Company Secretary and overseen by the Chairman.
Annual appraisal of Board performance and declaration of basis of performance	A.9.1, A.9.2, A.9.3 & A.9.4	Compliant		Every year, the performance review provides the opportunity to reflect on the effectiveness of Board activities, the extent of deliberations, the quality of decisions and each Director's performance and contribution. The Board appraises their own performance based on the following aspects:

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				<ul style="list-style-type: none"> • Strategic planning and risk management. • Effectiveness of decision making. • Succession planning. • Composition, skills, balance, experience and diversity. • Culture and quality of contributions. • Resources of meetings, agenda planning and quality of information and papers. • Corporate Governance, regulatory compliance and support. • Evaluation of individual performance and scope of improvement. • Committee effectiveness and communication to the Board.
Disclosure of information in respect of Directors	A.10	7.10.3.(a)	Compliant	Information in respect of Directors is specified in on pages 7 to 9 of this Annual Report.
Appraisal of CEO	A.11		Complied	Assessing the performance of the CEO is done annually.
Short, medium and long term objective and evaluation of CEO's performance	A.11.1 & A.11.2		Complied	The Board sets out the short, medium and long term, financial and non-financial objectives at the commencement of each financial year, and evaluates the performance of the CEO in respect of the achievement of such set targets.
Remuneration Procedure	B.1		Compliant	The Company has established a formal and transparent procedure for developing policy on executive and Directors' remuneration.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details						
Remuneration Committee, its composition and access to professional advice on determining the remuneration of Executive Directors	B.1.1, B.1.2, B.1.3 & B.1.5	7.10.5, 7.10.5 (a) & 7.10.5(b)		<p>Citrus Leisure PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board.</p> <p>The Remuneration Committee of the Group consists exclusively of Non-executive Directors as prescribed by the Code of Best Practice, out of which three Directors are Non-executive Independent Directors and two Non-executive Non-independent Director, namely:</p> <p>Mr. J. M. B. Pilimatalawwe - (NED /NID) - Chairman</p> <p>Mr. S. A. Ameresekere - (NED /NID)</p> <p>Mr. E. P. A. Cooray - (NED / ID)</p> <p>Mr. R. Seneviratne - (NED / ID)</p> <p>Mr. S. D. De Mel - (NED / ID)</p> <div data-bbox="632 1066 912 1332"> <p>A donut chart illustrating the composition of the Remuneration Committee. The chart is divided into two segments: an orange segment representing 60% Independent directors and a grey segment representing 40% Non-Independent directors. A legend below the chart identifies the colors: orange for Independent and grey for Non-Independent.</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Independent</td> <td>60%</td> </tr> <tr> <td>Non-Independent</td> <td>40%</td> </tr> </tbody> </table> </div>	Category	Percentage	Independent	60%	Non-Independent	40%
Category	Percentage									
Independent	60%									
Non-Independent	40%									

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				<p>The Group Finance Manager assists the committee by providing the relevant information and participating in the analysis and deliberations, in addition to the consultations done by the remuneration committee from the Chairman, on proposals relating to the remuneration of Executive Directors. Further the remuneration committee is provided the access to professional advice on such proposal whenever it is necessary.</p> <p>The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors.</p> <p>The Remuneration Committee met four (4) times during the financial year.</p>
Executive Share Options	B.2.5		Not Applicable	This section is not applicable to the Group as, there were no share option schemes in effect during the financial period under review.
Remuneration Policy	B.2.6		Compliant	The details of the remuneration policy have been set out in the Remuneration Committee Report on pages 57 to 58.
Compensation on early termination	B.2.7 & B.2.8		Compliant	Compensation paid on early termination of Directors will be determined based on the initial contract/Articles of Association of the Company, where the initial contract does not provide directions for compensation commitments.
Levels of remuneration for Non-executive Directors	B.2.9 / 2.10		Compliant	No payments has been made for any non-executive Director during the financial year.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Disclosure of Remuneration	B.3	7.10.5(c)	Compliant	The remuneration to Directors is disclosed on page 157 under the note 34.4.1 as a part of the financial statements of this report.
Constructive use of the AGM and General Meetings	C.1		Compliant	The Company uses the AGM to effectively communicate and enhance the relationship with shareholders.
Constructive use of the AGM and General Meetings	C.1.1 – C.1.5		Compliant	<p>The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing the voting process at the meeting, and other relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders within the time frame stipulated in the relevant statutes.</p> <p>Separate resolutions shall be proposed for each substantially separate issue, including a resolution for the adoption of the report and the accounts.</p>
Communication with Shareholders	C.2		Compliant	The Board has implemented effective communication with shareholders.

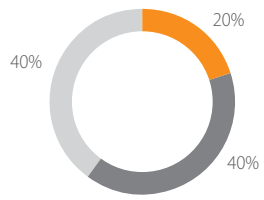
Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Communication with Shareholders	C.2.1 – C.2.7		Compliant	<p>P W Corporate Secretarial (Pvt) Ltd. functions as Secretaries of the Company, and the shareholders are provided a channel to communicate with the Board/individual Directors effectively via the Company Secretaries.</p> <p>All matters in relation to shareholders should be communicated to the Company Secretary.</p> <p>The Company Secretary shall maintain all correspondence with the shareholders and disseminate timely responses to the shareholders.</p>
Major and Material Transactions	C.3		Compliant	Refer the Related Party Transactions Review Committee Report on pages 59 and 60, and Note 34 of Notes to the Financial Statements.
Balanced and understandable presentation of Financial Statements	D.1.1		Compliant	<p>The Board is responsible for the preparation of Financial Statements that gives a true and fair assessment of the Company's financial, position, performance and prospects, in accordance with the Companies Act No. 07 of 2007, Sri Lanka Financial Reporting Standards (SLFRS)/Sri Lanka Accounting Standards (LKAS) and listing rules of the Colombo Stock Exchange.</p> <p>The Board is conscious of its responsibility to the Shareholders, the Government and the Society at large, in which it operates and is unequivocally committed to upholding ethical behavior in conducting its business. The Board, through the Company's administrative and finance divisions, strives to ensure that the businesses of the Company and its subsidiaries comply with the laws and regulations of the country.</p>

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
The Board's responsibility on interim and other price sensitive public reports and reports to regulators	D.1.2		Compliant	The Board ensures that the Interim Financial Statements submitted to the CSE as per listing requirements and other public reports/ reports submitted regulators present a balanced and understandable assessment of Company's performance.
Directors' responsibility for preparation and presentation of Financial Statements	D.1.3		Compliant	The Annual Report of the Directors as well as the Independent Auditors' Report declares the responsibility of the Board for the preparation and presentation of Financial Statements. The Consolidated Financial Statements of the Company were audited by Messrs Ernst and Young, Chartered Accountants.
Annual Report of the Directors	D.1.4		Compliant	The Annual Report of the Board of Directors sets out the, <ul style="list-style-type: none"> a. Compliance with laws and regulations. b. Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007. c. Equitable treatment to shareholders. d. Directors have complied with best practices of Corporate Governance. e. Property, plant and equipment of the Company are reflected at their fair value. f. Appropriateness of the Company's Internal Control system. g. The business is a going concern.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Responsibility of the Board for preparation and presentation of Financial Statements and Statement of Internal Controls	D.1.5		Compliant	The Audit Report on pages 64 to 67 contains a statement setting out that the Board is responsible for the preparation and presentation of Financial Statements and the Auditors responsibility in expressing an opinion on true and fair view of the above Financial Statements.
“Management Discussion Analysis”	D.1.6		Compliant	The “Management Discussion Analysis” of this Annual Report contain, among other issues; Industry Review (pages 10 to 15) Risk Management (pages 61 to 63) Corporate Governance (pages 23 to 51) Stakeholder Relationships (pages 12 to 13) Financial Performance (pages 14 to 15) Prospects for the future (page 13)
Serious loss of capital	D.1.7		Not Applicable	This principal is not applicable as the net assets of the Company remained higher than 50% of the value of the Company’s shareholders’ funds during the period under review.
Disclosure of Related Party Transactions	D.1.8		Compliant	The Related Party Transactions Review Committee, which is a subcommittee of the Board, is responsible for review and disclosure of Related Party Transactions. Related Party Transactions Review Committee The Related Party Transactions Review Committee consists of two non-executive Independent Directors, a executive director and two non-executive Non Independent Director and , namely:


Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details								
				<p>Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. S. D. De Mel - (NED / ID) Mr. P. C. B. Talwatte - (ED) Mr. P. V. S. Premawardhana - (NED / NID) Mr. S. A. Ameresekere - (NED / NID)</p>  <table border="1"> <caption>Board Composition</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Executive Directors</td> <td>20%</td> </tr> <tr> <td>Independent non Executive</td> <td>40%</td> </tr> <tr> <td>Non Executive non Independent</td> <td>40%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ■ Executive Directors ■ Independent non Executive ■ Non Executive non Independent <p>The Group Finance Manager assists the committee by providing the relevant information and participating in the analysis and deliberations.</p> <p>The objective of the Related Party Transactions Review Committee is to be consistent with the Code of Best Practices on Related Party transactions issued by the Securities & Exchange Commission.</p> <p>A report of the Related Party Transactions Review Committee is given on pages 59 to 60.</p> <p>The Related Party Transactions Review Committee met four (4) times during the financial year.</p>	Category	Percentage	Executive Directors	20%	Independent non Executive	40%	Non Executive non Independent	40%
Category	Percentage											
Executive Directors	20%											
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Non Executive non Independent	40%											

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007. Further all related party transactions in accordance with Sri Lanka Accounting Standard 24 - (LKAS 24) - Related Party Transactions are disclosed under Note no. 34 to the Financial Statements.
Risk Management & Internal Controls	D.2		Compliant	<p>The Board assesses financial and other business risks faced by the Company on a quarterly basis at the Board meetings and determines the necessary safeguards and internal controls that should be designed and implemented in order to provide a reasonable assurance of achieving Company's objectives.</p> <p>The Audit Committee is responsible to the Board for ensuring the effective operation of the system of internal controls to achieve objectives of the Company.</p>
Effective System of Internal Controls & Risk Management Process	D.2.1		Compliant	The Internal Audit function of the Group is carried out by PricewaterhouseCoopers (Pvt) Ltd. (PwC). However, The Board is responsible for formulating and implementing appropriate systems of internal control for the Group and in turn assessing its effectiveness. The Group's Internal Auditors assists the Board of Directors and the Audit Committee in carrying out the above task. Any internal control system has its inherent limitations. The Board is aware of the inherent limitations and has taken appropriate steps to minimise same.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Disclosure on Risk Assessment and Mitigation	D.2.2		Compliant	The Audit Committee Report and Risk Management Report set on pages 54 to 56 and pages 61 to 63 respectively explains the risk assessment procedure, including those that would threaten its business model, future performance, solvency and liquidity; and specific risk mitigation strategies.
Internal Audit Function & Audit Committee review of Internal Control System	D.2.3 & D.2.4		Compliant	The Audit Committee oversees the Internal Audit Function of the Company by agreeing on an annual work plan, reviewing its performance and ensuring that the internal audit function has sufficient and appropriate resources to perform their duties effectively and efficiently in maintenance of a sound risk management process and internal control system.
Responsibilities of the Directors in maintaining a sound system of Internal Controls	D.2.5		Compliant	The "Statement of Directors Responsibility" on pages 52 to 53 provides the declaration made by Directors accepting the responsibility to ensure that the Company is equipped with a sound system of internal controls.
Audit Committee	D.3	7.10.6	Compliant	The Board has established a formal and transparent process of Financial Reporting, Internal Controls, Risk Management and maintaining a proper relationship with the Company's Auditors.
Composition and the Duties of the Audit Committee	D.3.1 & D.3.2	7.10.6(a) , 7.10.6(b) & 7.10.6(c)	Compliant	The Audit Committee comprises exclusively of Non-Executive Directors out of whom three are Independent Directors and two are Non independent Directors.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				<p>The members of the Audit Committee are as follows:</p> <p>Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. R. Seneviratne - (NED / ID) Mr. S. D. De Mel - (NED / ID) Mr. P. V. S. Premawardhana - (NED / NID) Mr. S. A. Ameresekere - (NED / (NID))</p> <div style="text-align: center;">  <p>40% 60%</p> <ul style="list-style-type: none"> ■ Independent non Executive ■ Non Executive non Independent </div> <p>The Audit committee focuses principally in assisting the Board to fulfill its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function. The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. The committee is responsible for the consideration and recommendation of External Auditors. A report of the Audit Committee is given on pages 54 to 56. The Audit Committee met four (4) times during the year.</p>

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Disclosure of the names of the Audit Committee and the Audit Committee Report	D.3.3		Compliant	The names of Directors in the Audit Committee are disclosed in the D.3.1 section and the manner of compliance with the Code of Best Practice by the Company is set out in the Audit Committee Report on pages 54 to 56 of the annual report.
Best Practices on Related Party Transactions	D.4 & D.4.1		Compliant	The purpose of the Related Party Transactions Review Committee is to review all proposed Related Party Transactions other than those transactions explicitly exempted in conformity with the Listing Rules and LKAS 24 and to ensure that related parties are not granted "more favorable treatment".
Related Party Transactions Review Committee	D.4.2		Compliant	The Related Party Transactions Review Committee consists of two Non-executive Independent Directors, a Executive Director and, two Non-executive Non Independent Director, namely: Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. S. D. De Mel - (NED / ID) Mr. P. C. B. Talwatte - (ED) Mr. P. V. S. Premawardhana - (NED / NID) Mr. S. A. Ameresekere - (NED / NID)
Effectiveness of the Related Party Transactions Review Committee	D.4.3		Compliant	Refer the Related Party Transaction Review Committee Report for the purpose, responsibilities, authority, scope and objectives of Related Party Transaction Review Committee; set out in pages 59 to 60.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Adoption of Code of Business Conduct & Ethics and Chairman's affirmation	D.5 – D.5.4		To be complied	Adoption of a Code of Business Conduct and Ethics for Directors and members of senior management team is yet to be complied by the Company.
Corporate Governance Disclosure	D.6		Compliant	<p>The Corporate Governance section of the annual report from pages 23 to 51 sets out the manner and extent to which the Company has adopted the principals and provisions of the Code of Best Practice on Corporate Governance.</p> <p>The Company ensures that all shareholder rights are properly observed. Permanent procedures are carried out in line with the rules and regulations of the Colombo Stock Exchange, as well as the related laws.</p>
Structured dialogue with shareholders	E.1.1		Compliant	A regular and structured dialogue shall be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman.
Evaluation of governance disclosures by institutional investors	E.2		Compliant	Institutional investors are being encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Investing/ Divesting Decision	F.1		Compliant	Individual shareholders are encouraged to carry out adequate analysis and seek professional advice when making their investment / divestment decisions.
Shareholder Voting	F.2		Compliant	Individual shareholders are encouraged to participate and exercise their voting rights.
Board's responsibility on Cybersecurity	G.1		Compliant	The Board regularly monitors the latest developments in the field of IT and conducts discussions on how such developments can be utilized to enhance the efficiency and the effectiveness of the Hotel operations and to enhance the guest experience. Further, the Board investigates on cybersecurity risks that may affect the business. Additionally, IT General and Application controls have been designed and implemented to ensure the security of confidential information.
Chief Information Security Officer (CISO)	G.2		Compliant	The Board has appointed an IT Manager located at the Head Office who is in charge of Cybersecurity Risk Management. IT Manager is a qualified IT professional and possesses necessary competence to ensure the Cybersecurity. IT Manager provides necessary information with regard to Cybersecurity and is responsible for the development of IT Budget and Risk Management policies of the Company, which will subsequently be evaluated and approved by the Board to be implemented.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board meeting agenda for discussions on cyber risk management.	G.3		Compliant	Relevant risks are setout in the Internal Audit Report and same is reported to the Audit Committee. High risk matters are referred to the Board for further actions.
Effectiveness of the Cybersecurity Risk Management System	G.4		Compliant	An Annual Information Risk Management audit is carried out by an independent third party, and identified issues are reported through the Management Letter.
Disclosure on Cybersecurity Risk Management	G.5		Compliant	"Risk Management Report" set on pages 61 to 63 provides a detailed explanation of cybersecurity risks faced by Citrus Leisure PLC and risk management strategies.
Environment, Society and Governance	H		To be complied	

Statement of Compliance under Section 168 of Companies Act No. 7 of 2007

Principal	Description	Comment	Compliance Status
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Section 168 – Contents of Annual Report

(1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Notes to the Financial Statements	Complied
(1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Financial Statements	Complied
(1) (c)	Auditors' Report on the Financial Statements and any Group Financial Statements	Independent Auditors' Report	Complied
(1) (d)	Change in accounting policies made during the accounting period	Notes to the Financial Statements	Complied
(1) (e)	Particulars of entries in the interests register made during the accounting period	Annual Report of the Board of Directors	Complied
(1) (f)	Remuneration and other benefits of Directors during the accounting period	Notes to the Financial Statements	Complied
(1) (g)	Total amount of donations made by the Company during the accounting period	Annual Report of the Board of Directors	Complied
(1) (h)	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Board of Directors	Complied
(1) (i)	Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm	Notes to the Financial Statements	Complied
(1) (j)	Particulars of any relationship (other than that of Auditor) which the Auditor has with or any interests which the Auditor has in, the Company or any of its subsidiaries	Annual Report of the Board of Directors	Complied
(1) (k)	Be signed on behalf of the Board by two Directors of the Company	Financial Statements	Complied

Statement of Directors' Responsibility

The responsibilities of the Directors, in relation to the Financial Statements of the Company and its subsidiaries differ from the responsibilities of the Auditors.

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 64 to 67 of the Annual Report.

As per the Sections 150(1), 151, 152(1) and (2), 153 (1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year and of the results of its operations for the financial year, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that they are in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of section 166(1) read together with sections 168(1)(b) and (c) and section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting.

The Directors consider that in preparing these Financial Statements set out on pages 68 to 165, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company and its subsidiaries maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

Compliance Report

The Directors are of the view, that they have discharged their responsibilities as set out in this statement.

The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for.

By Order of the Board of
CITRUS LEISURE PLC

A handwritten signature in black ink, appearing to read 'P. W.', with a long, sweeping flourish extending to the right.

P W Corporate Secretarial (Pvt) Ltd
Secretaries

31 August 2022
Colombo.

Audit Committee Report

Composition of the Committee

The Audit Committee of Citrus Leisure PLC comprises of three Independent Non-Executive Directors and two Non-Independent Non-Executive Directors as follows:

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

The said Audit Committee also functions as the Audit Committee of the Listed Subsidiary Companies namely, Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC.

Meetings

The Committee met four times during the period under review. The attendance of the members of the Committee is stated in the table below.

Members' Attendance at the Audit Committee Meetings from 01.04.2021 to 31.03.2022 is as follows:

Name of the Director	Status	2021			2022	Meetings Attended
		06.08.2021	31.08.2021	15.11.2021	15.02.2022	
Mr. E. P. A. Cooray (Chairman)	NED/IND	√	Ex	√	√	3/4
Mr. S. D. De Mel	NED/IND	√	√	Ex	√	3/4
Mr. P. V. S. Premawardhana	NED	√	√	√	√	4/4
Mr. S. A. Ameresekere	NED	√	√	√	√	4/4
Mr. R. Seneviratne	NED/IND	√	Ex	Ex	√	2/4

NED-Non Executive Director, IND-Independent Director, Ex-Excused

Messrs. Ernst & Young, Independent Auditors are requested to be present as and when required.

The Principal Responsibilities of the Audit Committee

The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good Corporate Governance by actively creating awareness and providing advice to management on Risk Management, appropriate internal control practices, and other related activities of the Company in

compliance with the rules and regulations of the Colombo Stock Exchange. The proceedings of the Audit Committee are regularly reported to the Board of Directors through formal minutes.

Operation of the Audit Committee

The Chairman of the Audit Committee is a Fellow Member of Institute of Certified Management Accountants of Sri Lanka. The Statutory Auditors, the Internal Auditors, Chief Executive Officer, General Managers of the Hotels, Group Finance Manager and Hotel Accountants attended these meetings of the Audit Committee at the invitation of the Chairman of the Audit Committee. Outsourced Internal Auditors (PricewaterhouseCoopers) are required to attend meetings on a regular basis.

The Company Secretary acts as Secretary to the Audit Committee. The members of the Audit Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense. The Committee met four (4) times during the financial year ended 31 March 2022.

The Audit Committee's Duties include:

- Monitoring the financial reporting process.
- Monitoring the compliance with financial reporting requirements, information requirements of the Companies Act No. 07 of 2007 and other relevant financial reporting related regulations and requirements.
- Monitoring the statutory audit of the Group's Financial Statements.

- Reviewing the Group's Financial Statements and the material financial reporting judgements contained therein.
- Monitoring the effectiveness of the Group's Internal Control and Risk Management systems.
- Reviewing and monitoring the independence of the External Auditors and the provision of additional services to the Group.
- Advising the Board on the appointment and removal of the External Auditors and the remuneration and terms of engagement of the External Auditors.

Internal Control and Risk Management

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. The Audit Committee monitors and reviews each year the effectiveness of, and the framework for, the Group's system of internal control and risk management. The Audit Committee undertook a review of the effectiveness of, and the framework for the Group's system of internal control and risk management, including financial, operational and compliance controls during the year. In addition to this review, the External Auditors and Internal Auditors provided the Audit Committee with comprehensive reports of the results of their testing of controls that were carried out as part of their audits.

The Audit Committee also reviewed on a quarterly basis, the key risks that the Group faces and the actions being taken by the management to mitigate and manage them.

Audit Committee Report

Review of the Work of the External Auditors

Subject to the annual appointment of the External Auditors by shareholders, the Audit Committee regularly reviews the relationship between the Group and the External Auditors.

This review includes an assessment of their performance, cost effectiveness, objectivity and independence. The Audit Committee is responsible for ensuring that an appropriate relationship is maintained between the Group and the External Auditors.

The Group has implemented a policy of controlling the provision of non-audit services by the External Auditors in order to ensure that their objectivity and independence is safeguarded. The Audit Committee also continued with the appointment of other accountancy firms to provide certain non-audit services to the Group in connection with tax, other services and anticipates that this will continue in 2022/23.

Re-appointment of Auditors

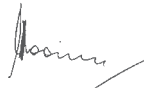
The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment for the financial year ending 31 March 2023, subject to the approval of the shareholders at the next Annual General Meeting. A full breakdown of the audit and non-Audit related fees are set out in Note No. 9 to the Consolidated Financial Statements on page 105.

Conclusion

The Audit Committee is satisfied that the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with the set rules and that systems are in place to minimize the impact of identifiable risks.

The Committee further assessed the future prospects of its business operations and is satisfied with the going concern assumption used in the preparation of the Financial Statements as being appropriate.

This report was approved by the Board and signed on its behalf by:



E P A Cooray
Chairman
Audit Committee

31 August 2022
Colombo

Remuneration Committee Report

Composition of the Committee

The Remuneration Committee of Citrus Leisure PLC, appointed by and responsible to the Board of Directors, comprises of two Non-Independent Non-Executive Directors and three Independent Non-Executive Directors as follows:

Mr. J M B Pilimalawwe	- Non-Independent Non-Executive Director - Chairman of the Committee
Mr. E P A Cooray	- Independent Non-Executive Director - Member
Mr. R Seneviratne	- Independent Non-Executive Director - Member
Mr. S D De Mel	- Independent Non-Executive Director - Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director - Member

The said Remuneration Committee also functions as the Remuneration Committee of the Listed Subsidiary Companies namely, Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC.

Meetings

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

Name of the Director	Status	2021			2022	Meetings Attended
		31.05.2021	06.08.2021	15.11.2021	15.02.2022	
Mr. J M B Pilimalawwe (Chairman)	NED	√	√	Ex	√	3/4
Mr. E P A Cooray	NED/IND	√	√	√	√	4/4
Mr. R Seneviratne	NED/IND	√	√	Ex	√	3/4
Mr. S D De Mel	NED/IND	√	√	Ex	√	3/4
Mr. S A Ameresekere	NED	√	√	√	√	4/4

NED-Non Executive Director, IND-Independent Director, ED- Executive Director, Ex-Excused

Remuneration Policy

The Remuneration policy of the Company endeavours to attract, motivate and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company.

Remuneration Committee Report

The Committee focuses and is responsible to ensure that the total package is competitive to attract the best talent for the benefit of the Company. The remuneration framework of the Company for the Chairman, Chief Executive Officer and Corporate Management is designed to create and enhance value to all stakeholders of the Company and to ensure alignment between the short and long-term interest of the Company and its Executives and in designing competitive compensation packages, the Committee consciously balances the short-term performance with medium to long-term goals of the Company.

Scope

The Committee reviews all significant changes in the corporate sector in determining salary structures and terms and conditions relating to staff at Senior Executive level. In this decision making process, necessary information and recommendations are obtained from the Chief Executive Officer. The Committee deliberates and recommends to the Board of Directors the remuneration packages and annual increments and bonuses of the Chief Executive Officer, members of the Corporate Management and Senior Executive staff and lays down guidelines for the compensation structure for all Executive staff and overviews the implementation thereof. The Chief Executive Officer who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed.

Fees

None of the Non-Executive Directors receive a fee for attendance at Board Meetings. They do not receive any performance or incentive payment.

Professional Advice

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

Committee Evaluation

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



J M B Pilimalawwe

Chairman
Remuneration Committee

31 August 2022
Colombo

Related Party Transactions Review Committee Report

The Board has established the Related Party Transactions Review Committee in terms of Section 9 of the Listing Rules of the Colombo Stock Exchange.

Composition of the Committee

The Committee comprises of one Executive Director and four Non-Executive Directors of whom two are Independent. The said Related Party Transactions Review Committee also function as the Related Party Transactions Review Committee of the Listed Subsidiary Companies namely, Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC. The names of the members of the Related Party Transactions Review Committee are as follows:

Mr. E P A Cooray	- Independent Non-Executive Director - Chairman of the Committee
Mr. P C B Talwatte	- Executive Director - Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director - Member
Mr. S D De Mel	- Independent Non-Executive Director - Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director - Member

Meetings

The Committee met four times during the financial year under review. The members of the management attend the meetings upon invitation to brief the Committee on specific issues.

Members' Attendance at the Related Party Transactions Review Committee Meetings from 01.04.2021 to 31.03.2022;

Name of the Director	Status	2021			2022	Meetings Attended
		31.05.2021	06.08.2021	15.11.2021	15.02.2022	
Mr. E. P. A. Cooray (Chairman)	NED/IND	√	√	√	√	4/4
Mr. S. A. Ameresekere	NED	√	√	√	√	4/4
Mr. P. V. S. Premawardhana	NED	√	√	√	√	4/4
Mr. S. D. De Mel	NED/IND	√	√	Ex	√	3/4
Mr. P. C. B. Talwatte	ED	√	√	√	√	4/4

NED-Non Executive Director, IND-Independent Director, ED- Executive Director, Ex-Excused

The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee.

The Role and Responsibilities

The Related Party Transactions Review Committee ("the Committee") is tasked with reviewing all Related Party Transactions of the Company and ensuring that it complies with the Listing Rules of the Colombo Stock Exchange (CSE) and other relevant statutes and regulations. The Committee reviews and pre-approves all proposed non-recurrent Related Party Transactions of the Company. Further, the Committee reviews all

Related Party Transactions Review Committee Report

recurrent Related Party Transactions on a quarterly basis and annually to ensure compliance with the limits and reporting guidelines specified by the Listing Rules of CSE.

Key Activities of the Related Party Transactions Review Committee during the Financial Year

- Review and pre-approve all non-recurrent related party transactions of the Company prior to approval by the Board of Directors
- Review all related party transactions to ensure that they are in the best interests of the Company.
- Ensure that all reporting requirements of the CSE Listing Rules and other relevant statutes and regulations are met.
- Update the Board of Directors on the Related Party Transactions of the Company.
- Assess the adequacy of related party reporting systems along with the advice of the External and Internal Auditors.
- Ensure that all transactions with related parties are in the best interest of all shareholders and adequate transparency is maintained.
- Establish guidelines and policies for the management and reporting of related party transactions.

The Committee has reviewed all related party transactions during the period and has established that they are in the best interest of the Company and comply with all standards of best practice and reporting.

Policies and Procedures

The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007.

Further all related party transactions in accordance with Sri Lanka Accounting Standard 24 – (LKAS 24) – Related Party Transactions are disclosed under Note No. 34 to the Financial Statements.

Key Management Personnel

The Board of Directors are designated as Key Management Personnel of the Company. The Committee ensures that no participants in the discussions of a related party transaction shall have a direct related party for that transaction. However, such persons may participate in the discussion for the sole purpose of providing information on such transactions.

Declaration

A Declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 21 of the Annual Report.



E. P. A. Cooray

Chairman
Related Party Transactions Review Committee

31 August 2022
Colombo

Risk Management

Citrus Leisure PLC identifies that operating a business involves both risk and reward. The Group management believes that in order to ensure reward, risk needs to be managed effectively. The risk framework involves risk identification, risk assessment and risk mitigation. Risk is the probability of an undesirable outcome occurring due to a chosen activity or action.

The process of identifying potential risks and developing strategies to mitigate those risks is known as Risk Management. The benefit of identifying, managing and mitigating risks is immense for the diverse hospitality industry in which the Group operates in. Listed below are some of the risks and risk mitigation strategies used by Citrus Leisure PLC:

Risk	Mitigation Strategies
<p>1. Global Pandemic Outbreak</p> <p>COVID-19 has had a material detrimental impact on our business, financial results and liquidity.</p>	<ul style="list-style-type: none"> • Follow latest guidance and recommendations of government, global health agencies and public health officials on implementation of appropriate health and safety measures for staff and guests, to curb the spread of disease at Group properties. • Loan moratorium in place for interest and capital repayment until June 2022 and further extension requested & received positive response from the banks which will ease the future cash-flow constraints. • Defer non-essential capital expenditures • The Board to monitor all possible cash flow positions and mitigating factors.
<p>2. Shortages in supply chain</p> <p>Shortage of supply can make drastic adverse impact on the Hotel operation. Eg. Gas, Fuel, Vegetable</p>	<ul style="list-style-type: none"> • Maintain close relationship with suppliers. • Change the menus to inline with the available products. • Find alternative suppliers or alternative products.
<p>3. Safety at our Hotels</p> <p>Safety of our guests and staff at our Hotels is our number one priority</p>	<ul style="list-style-type: none"> • Adhere to latest protocols on hygiene and cleaning at Group properties • Awareness training for COVID-19 for guests and staff guests. • Comprehensive Health & safety policy framework with implementation responsibility at multiple levels • A strong safety culture at all hotels with regular fire drills, disaster recovery plans and high levels of risk awareness • Implementation of additional security checks prior to entry to our properties • Regular debriefing of staff on security related information

Risk Management

Risk	Mitigation Strategies
<p>4. Increasing competition</p> <p>Competition on waning of the pandemic is expected to be intense, at unprecedented levels</p>	<ul style="list-style-type: none"> • Brand development initiatives to enhance loyalty • Differentiated offerings in our properties • Continuous monitoring of competitors
<p>5. Retention of skilled talent pools</p> <p>High staff turnover in key segments such as travels and hotels</p>	<ul style="list-style-type: none"> • Strengthening rewards and benefit schemes. • Comprehensive talent management program to build talent pipelines including succession planning • Updating Human Resources policies and practices cognizant to trends in the industry.
<p>6. Interest Rate Risk</p> <p>Exposure to movements in market interest rates related to borrowings</p>	<ul style="list-style-type: none"> • The Group's finance division continues to negotiate with banks and financial institutions to secure the best possible rates for the Group's borrowings and investments.
<p>7. Reputation Risk</p> <p>Social media has elevated this key risk for the hospitality industry as every guest and stakeholder is a potential influencer.</p>	<ul style="list-style-type: none"> • Maintaining high standards of service at our Hotels through investments in infrastructure and training of staff to deliver consistently positive guest experiences. • Monitoring social media and guest reviews on aggregator sites by a dedicated team. • Monitoring social media and guest reviews on aggregator sites by a dedicated team. • A hospitality mindset supports our legacy and we are careful to nurture it through communication and a balanced assessment of performance.

Risk	Mitigation Strategies
<p>8. Credit Risk</p> <p>Risk of loss arising from debtors' inability to meet their financial obligations on time</p>	<ul style="list-style-type: none"> • Comprehensive credit policies and procedures are in place to verify the creditworthiness and determine the potential credit risk associated with a client • Regular follow-up on debtors
<p>9. Cyber Risk</p> <p>All significant processes are supported by one or many Internet driven services</p>	<ul style="list-style-type: none"> • Well-defined group-wide cyber security incident response process. • Implementation of network protection technology to manage network perimeter defence, data loss, distributed denial of service attack, mobile devices and monitor suspicious cyber activities together with regular testing and verification of controls.
<p>10. Exchange rate Risk</p> <p>Exposure to movements of foreign currency exchange rates.</p>	<ul style="list-style-type: none"> • Enter into sales contracts with tour operators in USD. • Regularly offering prices are reviewed to inline with the exchange rate fluctuations.

Independent Auditors' Report



Building a better working world

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TO THE SHAREHOLDERS OF CITRUS LEISURE PLC Report on the audit of the Consolidated Financial Statements

We have audited the financial statements of Citrus Leisure PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code

of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key Audit Matters	How our audit addressed the key audit matter
<p>Assessment of impairment of investment in associate</p> <p>As at 31 March 2022, the Group's Investment in associate amounted to Rs. 2,329 Mn which represents 23% of the total assets of the Group.</p> <p>As disclosed in Note 19, an assessment of impairment was carried out by the management to ascertain the recoverable value of the investment in associate.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> We obtained an understanding and assessed the reasonableness of the Group's process of assessing impairment of investment in associate together with management assessment over lease rights held by the investee. We evaluated the competence, independence and capability of the valuation expert engaged by the Group to ascertain the recoverable value of the investment in associate.



Key Audit Matters	How our audit addressed the key audit matter
<p>The assessment of impairment of investment in associate was identified as a key audit matter due to the following;</p> <ul style="list-style-type: none"> • Materiality of the account balance, and • Significant judgements applied by management together with valuation experts engaged by management to ascertain the recoverable value of investment in associate, particularly relating to the valuation of the leasehold right held by the associate. 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> • Obtained an understanding and assessed the reasonableness of the Group's process of assessing impairment of investment in associate together with management assessment over lease rights held by the investee. • Evaluated the competence, independence and capability of the external valuer engaged by the Group to ascertain the recoverable value of the investment in associate. • Assessed the appropriateness of valuation techniques used and reasonableness of assumptions, estimates and significant judgments specifically those pertaining to lease rights held by the investee. <p>We have also assessed the adequacy of the disclosures made in Notes 05 and 19 to these financial statements.</p>
<p>Assessment of fair value of land and buildings:</p> <p>Property, Plant and Equipment and Investment Property include land and buildings carried at fair value.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> • Materiality of the reported land & buildings balances which amounted to Rs. 6,675 Mn and represents 67% of the total assets • the degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of land and buildings such as reliance on comparable market transactions, and current market conditions. <p>Key areas of significant judgements, estimates and assumptions used in assessing the fair value of the land and buildings, as disclosed in notes 14 and 15, included judgements involved in ascertaining the appropriateness of valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> • Assessed the competency, capability and objectivity of the external valuer engaged by the Group. • Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property • Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer including the appropriateness of valuation techniques, per perch price and value per square foot • We have also assessed the adequacy of the disclosures made in notes 14 and 15 to the financial statements.

Independent Auditors' Report



Key Audit Matters	How our audit addressed the key audit matter
<p>Interest Bearing Borrowings:</p> <p>As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 3,586 Mn of which Rs. 800 Mn is reported as current liabilities and the balance Rs. 2,786 Mn as non-current liabilities.</p> <p>Interest bearing borrowings was a key audit matter due to:</p> <ul style="list-style-type: none"> the magnitude of the interest bearing borrowings, and appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the financial statements 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements. We also factored in available moratoriums facilities and revisions to financing arrangements made during the year, We assessed the maturity profile of the Group's interest-bearing borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements. <p>We also, assessed the adequacy of the disclosures made in Notes 28 and 37.4 to the Financial Statements.</p>

Other information included in the 2022 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design



and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4107.

31 August 2022
Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V R N Sajjewanani FCA, N M Sulainan ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons) MSc-IT, G B Goudan ACMA, D L B Karunathilaka ACMA, Ms. P S Paranawitane ACA FCMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year Ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue from contracts with customers	6	848,526,734	494,930,098	25,453,053	14,846,909
Cost of sales		(283,631,723)	(156,091,907)	-	-
Gross profit		564,895,011	338,838,191	25,453,053	14,846,909
Other income and gains	7	21,549,305	1,273,451	1,945,218	1,792,932
Selling and marketing expenses		(29,677,666)	(17,214,846)	(188,850)	-
Administrative expenses		(489,706,073)	(442,067,101)	(89,692,002)	(49,367,217)
Other operating expenses		(378,438,132)	(301,911,576)	(39,638,752)	(38,725,319)
Change in fair value of investment property	15	-	17,505,000	-	-
Operating profit /(loss)		(311,377,555)	(403,576,880)	(102,121,333)	(71,452,695)
Finance costs	8.1	(373,978,320)	(365,583,659)	(25,632,639)	(24,213,721)
Finance income	8.2	3,115,837	8,369,524	15,350,270	15,702,898
Share of profit of associate	19	126,123,636	13,863,978	-	-
Impairment of associate	19	(35,935,461)	-	-	-
Loss before tax	9	(592,051,863)	(746,927,038)	(112,403,702)	(79,963,518)
Tax reversal/(expense)	10	30,229,401	31,618,718	410,402	(345,672)
Loss for the year		(561,822,462)	(715,308,320)	(111,993,300)	(80,309,190)
Loss attributable to:					
Equity holders of the parent		(459,298,873)	(604,344,997)	(111,993,300)	(80,309,190)
Non-controlling interests		(102,523,589)	(110,963,323)	-	-
		(561,822,462)	(715,308,320)	(111,993,300)	(80,309,190)
Basic/Diluted loss per share	11	(1.72)	(2.26)	(0.42)	(0.30)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 76 through 165 form an integral part of these financial statements.

Statement of Comprehensive Income

Year Ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Loss for the year		(561,822,462)	(715,308,320)	(111,993,300)	(80,309,190)
Other comprehensive income/(loss)					
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods					
Revaluation of land and buildings	14.1	1,127,412,710	440,146,475	-	-
Deferred tax effect on revaluation of land and buildings	20.1	(157,837,779)	(61,620,507)	-	-
Actuarial profit/(loss) on defined benefit plan	27.1	90,591	(1,359,825)	1,710,007	(1,440,298)
Income tax effect on defined benefit plan	20.1	(183,684)	334,405	(410,402)	345,672
Share of other comprehensive income of associate	19.1	2,572,181	5,293,996	-	-
Other Comprehensive Income/(loss) for the year, net of tax		972,054,019	382,794,544	1,299,605	(1,094,626)
Total Comprehensive Income/(loss) for the year, net of tax		410,231,557	(332,513,776)	(110,693,695)	(81,403,816)
Total comprehensive Income/(loss) attributable to:					
Equity holders of the parent		237,624,624	(314,325,413)	(110,693,695)	(81,403,817)
Non-controlling interests		172,606,932	(18,188,364)	-	-
		410,231,557	(332,513,776)	(110,693,695)	(81,403,817)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 76 through 165 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	14	6,410,700,101	5,409,720,497	4,496,333	7,592,699
Investment properties	15	576,496,266	576,496,266	-	-
Right-of-use assets	16	273,634,744	335,908,876	64,157,063	68,351,955
Intangible assets	17	2,315,097	3,224,099	471,968	760,208
Investments in subsidiaries	18	-	-	3,551,794,376	3,551,794,376
Investment in associate	19	2,328,608,584	2,235,848,227	-	-
Other receivables - related parties	22	-	-	180,017,752	167,102,542
Deferred tax asset	20	33,762,296	31,706,977	-	-
		9,625,517,088	8,592,904,941	3,800,937,492	3,795,601,780
Current assets					
Inventories	21	39,208,825	27,554,485	-	-
Trade and other receivables	22	106,368,109	56,139,262	20,474,407	19,169,701
Advances and prepayments	23	46,505,163	34,175,516	2,783,076	2,978,511
Other current financial assets	24	63,960,774	62,912,644	14,959,423	14,500,080
Tax receivables		15,568,951	22,450,099	6,648,843	6,648,844
Cash and bank balances	25	57,859,653	10,910,846	2,942,125	2,715,240
		329,471,475	214,142,852	47,807,874	46,012,376
Total assets		9,954,988,563	8,807,047,794	3,848,745,366	3,841,614,156
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	26	3,256,172,662	3,256,172,662	3,256,172,662	3,256,172,662
Revaluation reserve		1,581,653,876	948,331,962	-	-
Retained earnings		(1,428,453,925)	(1,076,656,681)	(51,414,584)	59,279,111
Equity attributable to owners of the Company		3,409,372,613	3,127,847,943	3,204,758,078	3,315,451,773
Non-controlling interests		1,334,399,482	1,044,602,426	-	-
Total Equity		4,743,772,095	4,172,450,369	3,204,758,078	3,315,451,773

As at 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Non-current liabilities					
Deferred tax liability	20	353,870,431	225,576,802	-	-
Retirement benefit obligation	27	45,194,108	41,217,214	11,594,735	11,753,370
Interest bearing loans and borrowings	28	2,785,539,385	2,517,320,444	-	-
Advance received for leasehold rights	29	-	-	155,984,825	157,777,757
Lease liabilities	30	138,962,297	211,074,667	8,677,929	-
Other payables	31	-	-	14,717,800	15,150,302
		3,323,566,221	2,995,189,127	190,975,289	184,681,429
Current liabilities					
Trade and other payables	31	961,898,525	810,183,004	437,013,350	305,836,120
Interest bearing loans and borrowings	28	800,230,097	744,192,438	11,895,952	14,306,866
Lease liabilities	30	85,357,098	70,417,978	4,102,698	21,337,968
Contract liabilities	32	40,164,527	14,614,878	-	-
		1,887,650,247	1,639,408,298	453,011,999	341,480,954
Total Equity and Liabilities		9,954,988,563	8,807,047,794	3,848,745,366	3,841,614,156

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.




D. C. A. Sandanayake
Group Finance Manager

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



E. P. A. Cooray
Chairman



S. A. Ameresekere
Director

The accounting policies and notes on pages 76 through 165 form an integral part of these financial statements.

31 August 2022
Colombo

Statement of Changes in Equity

Group	Note	Attributable to equity holders of the parent				Non Controlling Interest	Total Equity
		Stated Capital	Revaluation Reserve	Retained Earnings	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2020		3,256,172,662	706,663,831	(561,896,640)	3,400,939,853	926,092,818	4,327,032,671
Adjustment on changes to non-controlling interest in subsidiaries		-	(49,401,542)	90,635,045	41,233,503	136,697,972	177,931,475
Net loss for the year		-	-	(604,344,997)	(604,344,997)	(110,963,324)	(715,308,321)
Other comprehensive income/(loss)							
Revaluation of land and buildings	14.1	-	333,322,076	-	333,322,076	106,824,399	440,146,475
Deferred tax effect on revaluation of land and buildings	20.1	-	(46,665,091)	-	(46,665,091)	(14,955,416)	(61,620,507)
Actuarial losses on defined benefit obligations	27.1	-	-	(1,358,181)	(1,358,181)	(1,644)	(1,359,825)
Deferred tax effect on actuarial loss on defined benefit plan	20.1	-	-	334,175	334,175	230	334,405
Share of other comprehensive income/(loss) attributable to associate, net of tax	19.1	-	4,412,688	(26,083)	4,386,605	907,391	5,293,996
Total other comprehensive income/(loss), net of tax		-	291,069,673	(1,050,089)	290,019,584	92,774,960	382,794,544
Total comprehensive income/(loss) for the year, net of tax		-	291,069,673	(605,395,086)	(314,325,412)	(18,188,364)	(332,513,777)
Balance as at 31 March 2021		3,256,172,662	948,331,962	(1,076,656,681)	3,127,847,943	1,044,602,426	4,172,450,369
Balance as at 01 April 2021		3,256,172,662	948,331,962	(1,076,656,681)	3,127,847,943	1,044,602,426	4,172,450,369
Adjustment on changes to non-controlling interest in subsidiaries		-	(63,255,726)	107,155,770	43,900,045	117,190,124	161,090,169
Net loss for the year		-	-	(459,298,873)	(459,298,873)	(102,523,589)	(561,822,462)
Other comprehensive income/(loss)							
Revaluation of land and buildings	14.1	-	807,783,974	-	807,783,974	319,628,736	1,127,412,710
Deferred tax effect on revaluation of land and buildings	20.1	-	(113,089,756)	-	(113,089,756)	(44,748,023)	(157,837,779)
Actuarial gain/(loss) on defined benefit obligations	27.1	-	-	312,758	312,758	(222,167)	90,591
Deferred tax effect on actuarial gain/(loss) on defined benefit plan	20.1	-	-	(214,787)	(214,787)	31,103	(183,684)
Share of other comprehensive income/(loss) attributable to associate, net of tax	19.1	-	1,883,422	247,887	2,131,309	440,872	2,572,181
Total other comprehensive income/(loss), net of tax		-	696,577,639	345,858	696,923,498	275,130,521	972,054,018
Total comprehensive income/(loss) for the year, net of tax		-	696,577,639	(458,953,014)	237,624,626	172,606,932	410,231,557
Balance as at 31 March 2022		3,256,172,662	1,581,653,876	(1,428,453,925)	3,409,372,613	1,334,399,482	4,743,772,095

Revaluation reserve is used to record increments and decrements on the revaluation of lands and buildings of the Group. In the event of a sale or disposal of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy note 2.3(h) for details.

Figures in brackets indicate deductions.

The accounting policies and notes on pages 76 through 165 form an integral part of these financial statements.

Company	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2020		3,256,172,662	140,682,927	3,396,855,589
Net loss for the year		-	(80,309,190)	(80,309,190)
Other comprehensive income/(loss)				
Actuarial loss on defined benefit plan	27.1	-	(1,440,298)	(1,440,298)
Deferred tax effect on actuarial loss on defined benefit plan	20.1	-	345,672	345,672
Total other comprehensive loss, net of tax		-	(1,094,626)	(1,094,626)
Total comprehensive loss for the year, net of tax		-	(81,403,816)	(81,403,816)
Balance as at 31 March 2021		3,256,172,662	59,279,111	3,315,451,773
Balance as at 01 April 2021		3,256,172,662	59,279,111	3,315,451,773
Net loss for the year		-	(111,993,300)	(111,993,300)
Other comprehensive income/(loss)				
Actuarial gain on defined benefit plan	27.1	-	1,710,007	1,710,007
Deferred tax effect on actuarial gain on defined benefit plan	20.1	-	(410,402)	(410,402)
Total other comprehensive income/(loss), net of tax		-	1,299,605	1,299,605
Total comprehensive loss for the year, net of tax		-	(110,693,695)	(110,693,695)
Balance as at 31 March 2022		3,256,172,662	(51,414,584)	3,204,758,078

The accounting policies and notes on pages 76 through 165 form an integral part of these financial statements.

Statement of Cash Flows

Year Ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash flows from/(used in) operating activities					
Loss before income tax expense		(592,051,863)	(746,927,038)	(112,403,702)	(79,963,518)
Adjustments for :					
Depreciation	14	191,493,147	188,982,925	1,885,141	2,824,393
Amortization of intangible assets	17	1,422,787	1,558,310	288,240	288,240
Depreciation of right-of-use assets	16	62,274,132	59,556,298	4,924,739	6,451,734
Deferred income on amortization of lease right	29	-	-	(1,792,932)	(1,792,932)
Fair value loss/(gain) on financial assets at fair value	8	(7,750)	(2,093,912)	-	-
Finance costs	8.1	373,978,320	365,583,659	25,632,639	24,213,722
Finance income	8.2	(2,819,337)	(6,275,612)	(15,350,270)	(15,702,898)
Gain on disposal of property, plant & equipment	7	(2,025,898)	(557,922)	-	-
Impairment of trade receivables		(680,700)	2,743,776	-	-
Written-off of irrecoverable tax receivables and others		5,327,396	3,347,810	-	3,347,810
Provision for defined benefit plans	27.1	7,744,259	9,955,345	1,791,372	3,143,228
Change in fair value of investment property	15	-	(17,505,000)	-	-
Impairment for related companies		-	-	45,849,092	9,536,328
Impairment provision for investment in associate	19	35,395,461	-	-	-
Gain on Disposal of Property Plant and Equipment		-	-	(76,372)	-
Disposal of existing lease rights		(2,025,898)	-	(5,723,597)	-
Impact on derecognition of improvements		-	-	4,360,529	-
Share of profits from investment in associate	19	(126,123,636)	(13,863,978)	-	-
Operating loss before working capital changes		(47,559,580)	(155,495,339)	(50,615,122)	(47,653,893)
(Increase)/decrease in inventories		(11,654,340)	3,096,789	-	-
(Increase)/decrease in trade and other receivables		(49,548,148)	71,579,087	13,834,319	28,704,308
Increase in advances & prepayments		(12,329,647)	(2,015,800)	(379,565)	(1,287,772)
Increase/(decrease) in contract liabilities		25,549,649	(22,092,768)	-	-
Increase/(decrease) in trade and other payables		220,237,367	(14,317,678)	106,651,376	23,826,381
Cash generated/(used in) operating activities		124,695,302	(119,245,709)	69,491,009	3,589,024
Finance cost paid		(57,485,943)	(32,840,079)	(1,065,379)	(2,297,917)
Tax paid		-	-	(240,000)	-
Defined benefit plan cost paid	27	(3,676,774)	(2,429,817)	-	-
Net cash flow from/(used in) operating activities		63,532,585	(154,515,605)	68,185,630	1,291,107
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment		(69,774,369)	(31,391,691)	(3,322,932)	(257,429)
Proceeds from disposal of property, plant and equipment		6,740,226	1,066,195	-	-
Payments made for acquisition of Right-of-use assets		-	(18,090,000)	(4,200,000)	-
Proceeds from sale of financial instruments - fair valued through profit or loss		-	18,396,624	-	-

Year Ended 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Purchase of financial instruments - fair valued through profit or loss		-	(22,028,992)	-	-
Acquisition of intangible assets	17	(513,795)	(93,840)	-	-
Net proceed from disposal of subsidiary's shares		161,090,169	177,931,475	-	-
Finance income received		2,819,337	6,275,612	461,248	935,169
Net cash flow from/(used in) investing activities		100,361,568	132,065,383	(7,061,684)	677,740
Cash flows from/(used in) financing activities					
Proceeds from interest bearing loans and borrowings	28.1	-	74,400,000	-	-
Net finance from/(to) related parties		-	27,500,000	(58,026,803)	5,711,867
Repayment of interest bearing loans and borrowings	28.1	-	(2,756,162)	-	-
Payments under other lease liabilities	30	(90,559,050)	(72,238,814)	-	-
Net cash flows from/ (used in) financing activities		(90,559,050)	26,905,024	(58,026,804)	5,711,867
Net increase / (decrease) in cash and cash equivalents		73,335,102	4,454,802	3,097,143	7,680,715
Cash and cash equivalents at the beginning of the year		(364,973,918)	(369,428,720)	2,908,454	(4,772,261)
Cash and cash equivalents at the end of the year (Note A)		(291,638,816)	(364,973,918)	6,005,597	2,908,454
Note A					
Analysis of Cash and cash equivalents					
Cash in hand and cash at bank	25	57,859,653	10,910,847	2,942,125	2,715,240
Short term deposits with original maturity less than three months	24.2	58,811,374	56,919,564	14,959,423	14,500,080
Bank overdrafts	28	(408,309,844)	(432,804,329)	(11,895,952)	(14,306,866)
Total cash and cash equivalents		(291,638,816)	(364,973,918)	6,005,597	2,908,454

The accounting policies and notes on pages 76 through 165 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 March 2022

1. CORPORATE INFORMATION

The consolidated financial statements of the Citrus Leisure PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2022 were authorized for issue in accordance with a resolution of the directors on 31 August 2022. The Citrus Leisure PLC (the Company or the parent) is a public limited company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded. The registered office of the Company is located at No. 56/1, Kynsey Road, Colombo 08.

The Group is principally engaged in the provision of Hotel Services. Information of the subsidiaries are provided in Note 2.2.1

In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is George Steuart & Company Ltd, which is incorporated in Sri Lanka.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements which comprise the statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position.

- Land and Buildings which are recognized as property plant and equipment which are measured at cost at the time of the acquisition and subsequently carried at fair value.
- Land and buildings which are recognized as investment property are measured at cost at the time of the acquisition and subsequently carried at fair value.
- Financial assets at fair value through profit or loss carried at fair value.

The consolidated financial statements are presented in Sri Lanka rupees (Rs.) and values are rounded to the nearest whole number value, except when otherwise indicated.

Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the impact of existing economic circumstances on the Group and the appropriateness of the use of the going concern basis. The Company evaluated the resilience of its businesses by considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment, and the amount of undrawn borrowing facilities, and potential sources of financing facilities.

Having evaluated each company of the Group by the Board of Directors, and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

Comparative Information

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as for the year ended 31 March 2022.

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

Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their

Notes to the Financial Statements

Year ended 31 March 2022

accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting under separate financial statements

Investment in subsidiary is measured at cost less accumulated impairment in the separate financial statements.

2.2.1 Subsidiaries

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until

the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

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

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

Subsidiaries & their controlling percentages of the Group, which have been consolidated are as follows:

Subsidiary	Effective Holding		Principal Activities
	2022	2021	
1. Hikkaduwa Beach Resort PLC	82.86%	82.86%	
2. Waskaduwa Beach Resort PLC	68.63%	74.55%	Provision of food and beverage, lodging, other hospitality industry related activities.
3. Citrus Sliver Limited	100%	100%	

Subsidiary	Effective Holding		Principal Activities
	2022	2021	
4. Citrus Aqua Limited	58.20%	58.20%	The Company carried out all range of watersports and related activities. However, the commercial operations have been ceased temporary since February 2014.
5. Citrus Vacations Limited	98%	98%	Carrying out inbound and outbound travels and business of travel agents. However, the commercial operations of the Company have been ceased temporary since April 2018.
6. Citrus Equity Limited	100%	100%	Dormant Company
7. Citrus Villas Limited	100%	100%	Dormant Company

2.2.2 Investment in Associates

The Group's investment in associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence, and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the

statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the statement of profit or loss.

In case of associates, where the reporting dates are different to Group reporting dates, adjustments are made for any significant transactions or events up to 31 March.

Notes to the Financial Statements

Year ended 31 March 2022

	Effective Holding		Principal Activities
	2022	2021	
Colombo Land & Development Company PLC	20.22%	20.22%	Development and leasing out of investment property under operating leases and renting of vehicle parking.

The Financial Statements of Colombo Land & Development Company PLC has been prepared for the year ended 31 December. The equity method of accounting has been applied matching twelve month financial period up to 31 March as of the same date as the Financial Statements of the parent.

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition

date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all

of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

b) Current versus non-current classification

The Group presents assets and liabilities in the Statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Fair value measurement

The Group measures financial instruments such as quoted equity securities designated as fair value through profit or loss and land and buildings at fair value at each financial position. Fair value is the price that would be received to sell an asset or paid to transfer

Notes to the Financial Statements

Year ended 31 March 2022

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 either:

- 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 Group.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 Group's Senior Management and Board determines the policies and procedures for fair value measurement, such as land and buildings.

External valuers are involved for valuation of Land, Buildings of the Group. Involvement of external valuers is determined annually by the senior management and the board after discussion with and approval by the

Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Fair value measurement	Disclosure Notes
Disclosures for valuation methods, significant estimates and assumptions	Notes 13, 14.3.1 and 15
Quantitative disclosures of fair value measurement hierarchy	Note 13
Investment in quoted equity shares	Notes 13 and 24.1
Property, plant and equipment under revaluation model	Note 14.3
Investment properties	Note 15
Financial Instruments (Including those carried at amortized cost)	Note 12

d) Revenue

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expect to entitled in exchange of those goods or services.

The Group's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities. The net Group's turnover excludes turnover taxes and trade discounts.

- Room revenue is recognised on the rooms occupied on daily basis.
- Food and Beverage revenue is recognised at the time of sales.
- Other Hotel Related Revenue is accounted when such service is rendered.

Notes to the Financial Statements

Year ended 31 March 2022

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

The Group recognizes advanced received for future booking as contract liabilities which has been disclosed under current liabilities in the statement of financial position.

(ii) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as financial assets at fair value through OCI, 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 is included in finance income in the Statement of Profit or Loss.

(iii) Rental income, other income and gains

Rental income, other income and gains are recognised in the statement of profit or loss as it accrues.

(iv) Gains and losses on disposal of assets

Gains and losses on disposal of Assets are determined by comparing the net sales proceeds with the carrying amounts of the assets and are recognised net within "other operating income" in the Statement of Profit or Loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(v) Dividend income

Dividend income is recognised when right to receive the payment is established.

e) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is

not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Notes to the Financial Statements

Year ended 31 March 2022

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax on undistributed profits of investment in associate

The Group does not control its equity accounted investees. It is therefore generally not in a position to control the timing of the reversal of a possible taxable temporary difference relating to the undistributed profits of the equity accounted investees.

The Group calculates deferred tax based on the most likely manner of reversal taking into account management's intent and the

tax jurisdiction applicable to relevant equity accounted investees.

The management intends to recover the carrying amount of the investment primarily through sale of the investment rather than through dividends. The deferred tax implications are evaluated based on the tax consequences on the sale of investments.

Since the carrying amount is expected to be recovered through a sale transactions which has no tax consequences. No temporary difference arise on the equity accounted investees and no deferred tax is provided.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax, except:

- where the sales tax incurred on a purchase of an assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

f) Foreign currencies

The Group's consolidated financial statements are presented in Sri Lanka Rupees, which is also the parent company's

functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss.

g) Cash dividend

The Group recognises liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

h) Property, plant and equipment

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects

if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in profit or loss as incurred.

Lands are measured at fair value less accumulated impairment losses recognized after the date of revaluation. Buildings are measured at fair value less accumulated depreciation and accumulated impairment losses recognised after the date of revaluation. Revaluation of land and buildings are done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued

Notes to the Financial Statements

Year ended 31 March 2022

amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Useful lives as follows;

Asset	Years
Buildings	10 - 40 Years
Motor vehicles	4 Years
Furniture and fittings	6 Years
Plant & machinery	10 Years
Entertainment equipment	4 Years
Office equipment	6 Years
Gardening and other equipment	5 - 6 Years
Sundry equipment	5 Years
Linen and furnishing	3 Years
Kitchen utensils and other equipment	10 - 13 Years
Air conditioner	10 - 13 Years
Computer equipment	3 - 6 Years
Generator and transformers	15 Years
Electrical Fittings	10 Years
Crockery and Cutlery	3 Years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising

on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses if any. These would be transferred to the relevant asset category in property, plant and equipment when the asset is completed and available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management

i) Borrowing costs

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

j) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in

the ordinary course of business, used in the production of supply of goods or services or for administrative purposes.

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Derecognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at

the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

k) Intangible assets

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured. Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful life of intangible asset is assessed as finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful life of intangible assets are as follows;

Computer Software	Over 4 Years
Website Development	Over 4 Years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and

Notes to the Financial Statements

Year ended 31 March 2022

treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

i) Financial instruments – initial recognition and subsequent 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.

i. Financial assets Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order 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 assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order 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 amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group financial assets at amortised cost includes trade receivables and fixed deposits.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SLFRS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial instrument under this category as at the reporting date.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at

Notes to the Financial Statements

Year ended 31 March 2022

amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any financial instrument under this category as at the reporting date.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- or
- The Group has transferred its rights to receive cash flows from the asset 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 Group has transferred substantially all the risks and rewards of the asset,
 - or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

Disclosures for significant assumptions	Note 05
Financial assets	Note 24
Trade receivables	Note 22

The Group 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 in accordance with the contract and all the cash flows that the Company 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and

Notes to the Financial Statements

Year ended 31 March 2022

borrowings and payables, net of directly attributable transaction costs.

The Group financial liabilities include trade and other payables, lease liabilities and interest bearing loans and borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of

recognition, and only if the criteria in SLFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

iii) 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Food and Beverages	At Weighted Average Cost
House Keeping and Maintenance	At Weighted Average Cost
Other Stock	At Weighted Average Cost

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

n) Impairment of non-financial assets

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

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets.

Impairment / Reversal of impairment

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

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

Notes to the Financial Statements

Year ended 31 March 2022

o) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

p) Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment are not depreciated once classified as held for sale. Assets classified as held for sale are presented separately as current items in the statement of financial position.

q) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

r) Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in Statement of Profit or Loss in the periods during which services are rendered by employees. The Group contributes 12% and

3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – “Employee benefits”. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Current service cost and interest cost are recognized in the Statement of Profit or Loss while any actuarial gains or losses arising are recognized in Statement of Other Comprehensive Income.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 27. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under

the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

s) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease

Notes to the Financial Statements

Year ended 31 March 2022

term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description	Period
Land and Buildings	5 - 91 Years
Motor vehicles	4 Years

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement

date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. CHANGES IN ACCOUNTING POLICIES AND STANDARDS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021.

Amendments to SLFRS 16 COVID-19 Related Rent Concessions beyond 30th June 2021

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions, arising as a direct consequence of the COVID-19 pandemic. As a practical

expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The Company has applied practical expedient for COVID-19 related rent concessions which have been extended up to June 2022.

The following amendments and improvements are not expected to have a significant impact on the Company's financial statements.

- Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and

SLFRS 16 : Interest Rate Benchmark Reform - Phase 2.

4. **STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The following amendments and improvements are not expected to have a significant impact on the Company's financial statements.

- SLFRS 17 - Insurance Contracts
Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract
- Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use

- Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

5. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

Capital management	Note 38
Financial risk management and objectives and policies	Note 37
Sensitivity analyses disclosures	Notes 14.3.1 and 27.3

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to

Notes to the Financial Statements

Year ended 31 March 2022

market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are 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 and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of long term Government Bonds (Treasury Bonds) corresponding to the average work life of the employees.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 27.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. Management considered 100% ECL for debtors aged more than 365 days in determining the provision matrix for ECL.

The provision matrix is initially based on the Company's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Company has considered the current decline in the tourism industry due to the impact of economic recession in determining the provisioning under ECL. The Management has monitored the effect of the global economic downturn to its travel agents through frequent discussion with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly.

Recoverability of Deferred Tax Assets

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

Performance obligations and significant judgements

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under each contract as one performance obligation. The revenue is accounted based on the output method. Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue.

Transaction price shall comprise of supplier fee and company markup, summing up to be the Gross Service fee. The advance payments are recognised as a liability. Upon provision of the services, the liability is set off and revenue is recognised over the period.

Management's Assessment of the impacts of the current economic situation on the operations of Group

The Directors, after making necessary inquiries and reviews including reviews of the Hotel budgets for the ensuing year. Capital expenditure requirements, future prospects along with risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements. In determining the basis of preparing the financial statements for the year ended 31

March 2022, based on available information, the management has assessed the existing and anticipated effects of the current economic situation on the Company.

Fair value of freehold land and buildings

The Group measures freehold land and buildings at fair value with changes in fair value being recognized in other comprehensive income. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Fair value related disclosures for assets measured at fair value are summarized in the Note 13 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do

Notes to the Financial Statements

Year ended 31 March 2022

not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the for the following assets of the Group for which the key assumptions used are disclosed and further explained in the respective notes.

Equity Accounted Investees	Note 19.4
Cash Generating Units (CGU) of the Group	Note 14.6

transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and making certain entity-specific adjustments based on the type, terms and conditions of the lease.

Leases - Estimating the incremental borrowing rate for discounting land lease commitments

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue				
Hotel income (Note 6.1)	848,526,734	494,930,098	-	-
Management fees income	-	-	25,453,053	14,846,909
	848,526,734	494,930,098	25,453,053	14,846,909
6.1 Hotel income				
Room revenue	391,997,698	237,473,395	-	-
Food revenue	318,585,751	168,028,441	-	-
Beverage revenue	106,725,790	72,449,619	-	-
Banquet revenue	29,325,032	16,949,953	-	-
Spa Income	1,258,709	-	-	-
Laundry income	633,754	28,690	-	-
	848,526,734	494,930,098	-	-

7. OTHER INCOME AND GAINS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Income from sublease	-	-	1,792,932	1,792,932
Other income from hotel related activities	165,900	-	-	-
Gain on foreign currency encashment	2,911,839	38,196	-	-
Swimming pool income	130,619	19,818	-	-
Gain on disposal of property, plant, and equipment	2,025,898	557,922	152,286	-
Shop rent income	-	194,953	-	-
Other sundry income*	16,315,049	462,561	-	-
	21,549,305	1,273,450	1,945,218	1,792,932

* Other sundry income includes the other income received by Hikkaduwa Beach Resort PLC and Waskaduwa Beach Resort PLC for operating Intermediary Care Centers up to September 2021

Notes to the Financial Statements

Year ended 31 March

8. FINANCE COSTS AND INCOME

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
8.1 Finance expenses				
Interest expenses on bank overdrafts	44,807,123	48,118,546	1,065,379	2,054,004
Interest expenses on lease liabilities	33,385,800	39,299,880	1,211,409	2,620,452
Interest expenses on bank loans	273,660,708	259,915,205	-	-
Interest on related party payables	21,281,009	18,250,028	23,355,851	19,539,265
Fair value loss on financial assets at fair value through profit or loss	843,680	-	-	-
	373,978,320	365,583,659	25,632,639	24,213,721
8.2 Finance Income				
Interest income on fixed deposits and savings accounts	2,819,337	6,275,612	461,248	735,843
Interest on related party receivables	-	-	14,889,022	14,967,055
Dividend Income	288,750	-	-	-
Fair value gain on financial assets at fair value through profit or loss	7,750	2,093,912	-	-
	3,115,837	8,369,524	15,350,270	15,702,898

9. LOSS BEFORE TAX

Loss before tax is stated after charging all the expenses including the followings:

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Auditors' remuneration				
- Statutory audit fee	1,806,569	1,675,000	361,569	290,000
Costs of defined employee benefits				
- Defined benefit plan costs	7,744,259	9,955,345	1,791,372	3,143,228
- Defined contribution plan cost - EPF and ETF	29,756,173	29,339,069	6,806,788	6,273,594
- Other staff cost	264,799,427	246,761,046	48,745,263	50,490,520
Depreciation of property, plant and equipment	191,493,147	188,982,925	1,885,141	2,824,393
Amortisation of intangible assets	1,422,787	1,558,310	288,240	288,240
Depreciation of right-of-use assets	62,274,132	59,556,298	4,194,892	6,451,734
Impairment of trade receivables	680,700	2,743,776	-	-
Impairment for related companies	-	-	45,849,092	9,536,328
Written-off of irrecoverable tax receivables and others	5,327,396	3,347,810	5,327,396	3,347,810
Donations	27,522	25,000	3,000	-
Directors' emoluments	11,835,000	10,380,000	11,835,000	10,380,000
Business promotion and advertising costs	12,861,865	8,730,269	-	-

Notes to the Financial Statements

Year ended 31 March

10. TAX EXPENSE

The major components of income tax expenses for the year ended 31 March are as follows :-

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current income tax				
Income statement				
Current income tax charge (Note 10.1)	1,553,753	3,095,401	-	-
Income tax over provision in respect of previous years	-	(32,373)	-	-
	1,553,753	3,063,028	-	-
Deferred tax expense				
Deferred tax charge/(reversal) (Note 10.4)	(31,783,154)	(34,681,746)	(410,402)	345,672
Income tax expense/(reversal) reported in the statement of profit or loss	(30,229,401)	(31,618,718)	(410,402)	345,672

10.1 A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Accounting loss before income tax	(592,051,863)	(746,927,038)	(112,403,702)	(79,963,518)
Share of loss/(profit) of associate	(126,123,636)	(13,863,978)	-	-
	(718,175,499)	(760,791,017)	(112,403,702)	(79,963,519)
Less: Aggregate allowable items	(437,390,874)	(412,123,670)	(45,576,437)	(955,292)
Add: Aggregate disallowed items	318,623,494	389,826,175	18,044,206	29,693,916
Less: Non business income	(20,058,978)	(50,304,025)	(17,295,488)	(17,495,830)
Losses exempt from tax	461,536,991	459,603,596	-	-
Business loss	(395,464,866)	(373,788,941)	(157,231,421)	(68,720,725)

10. TAX EXPENSE (Contd.)

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Other sources of income				
Interest income	21,831,989	28,604,088	15,350,270	15,702,898
Less: Interest income exempt from tax	(7,750)	(3,686)	-	-
Other taxable incomes	1,792,932	1,792,932	1,792,932	1,792,932
Less: Tax losses deducted against other sources of income	(17,143,202)	(17,495,830)	(17,143,202)	(17,495,830)
Total taxable income	6,473,969	12,897,504	-	-
Income tax on other source of income @ 24%	1,553,753	3,095,401	-	-
Current income tax charge	1,553,753	3,095,401	-	-

10.2 Income tax rates**(i) Hotel operations**

The profits and income of the Company arising on provision of tourism related services is liable for taxation at the rate of 14% (2020/21 : 14%) in terms of Revenue Act No. 24 of 2017 and amendments thereto.

Waskaduwa Beach Resort PLC

Pursuant to agreement dated 19 March 2012, entered into with Board of Investments of Sri Lanka under section 17 of the Board of Investment Law No. 04 of 1978, the provision of the Inland Revenue No. 24 of 2017 relating to the imposition, payment and recovery of income tax in respect of the profit and income of the Company shall not apply for a period of twelve (12) years reckoned from the year of assessment 2016/2017.

(ii) Other income and gains

Income from other sources are taxed at the rate of 24% (2020/21 : 24%)

10.3 In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and amendment thereto and the Gazette notifications issued on transfer pricing.

Notes to the Financial Statements

Year ended 31 March

10. TAX EXPENSE (Contd.)

10.4 Deferred tax expense /(reversal)

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred tax arising from				
- Accelerated depreciation for tax purposes	349,930	6,789,653	-	890,062
- Retirement benefit obligation	(762,657)	(1,157,912)	(410,402)	(544,390)
- Right-of-use assets	(1,292,236)	75,461	-	-
- Revaluation of investment property to fair value	-	1,750,500	-	-
- Impairment of trade debtors	(889,850)			
- Benefit arising from tax losses and others	(29,188,341)	(42,139,449)	-	-
Total deferred tax charge/(reversal)	(31,783,154)	(34,681,746)	(410,402)	345,672

11. BASIC/DILUTED LOSS PER SHARE

Loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Amounts used as the numerator :				
Net loss for the year attributable to the owners of the parent	(459,298,873)	(604,344,997)	(111,993,300)	(80,309,190)
Amounts used as the denominator :				
Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share	267,229,723	267,229,723	267,229,723	267,229,723
Basic/diluted loss per share (Rs.)	(1.72)	(2.26)	(0.42)	(0.30)

12. FINANCIAL INSTRUMENTS

12.1 Financial assets and liabilities by categories

The following table shows the carrying amounts and fair values of financial assets and financial liabilities of the Group and the Company.

a) Financial assets by categories - Group

As at 31 March	2022		2021	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Other current financial assets				
- Listed equity investments	5,149,400	-	5,993,080	-
- Investments in bank deposits	-	58,811,374	-	56,919,564
Trade and other receivables	-	106,368,117	-	56,139,269
Total financial assets	5,149,400	165,179,491	5,993,080	113,058,833

As at 31 March	2022		2021	
	Fair value through profit or loss	Other Financial liabilities	Fair value through profit or loss	Other Financial liabilities
	Rs.	Rs.	Rs.	Rs.
Financial liabilities				
Interest bearing loans and borrowings	-	3,585,769,481	-	3,261,512,883
Trade and other payables	-	789,675,079	-	582,104,262
Lease liabilities	-	224,319,395	-	281,492,645
Total financial liabilities	-	4,599,763,955	-	4,125,109,790

Notes to the Financial Statements

Year ended 31 March

12. FINANCIAL INSTRUMENTS (Contd.)

b) Financial assets by categories - Company

As at 31 March	2022		2021	
	Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Financial assets				
Trade and other receivables	-	200,492,159	-	186,272,243
Other current financial assets				
- Investments in bank deposits	-	14,959,423	-	14,500,080
Total financial assets	-	215,451,582	-	200,772,323

As at 31 March	2022		2021	
	Fairvalue through profit or loss Rs.	Other Financial liabilities Rs.	Fairvalue through profit or loss Rs.	Other Financial liabilities Rs.
Financial liabilities				
Interest bearing loans and borrowings	-	11,895,952	-	14,306,866
Trade and other payables	-	451,731,149	-	320,986,422
Lease liabilities	-	4,102,698	-	21,337,969
Total financial liabilities	-	467,729,799	-	356,631,257

Financial assets of which carrying values are reasonable approximates at their fair value

The management assessed that the fair values of cash and short-term deposits, trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial liabilities of which carrying values are reasonable approximates at their fair value

The management assessed that the fair values of trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The 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.

13. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

13.1 Group

Fair value measurement hierarchy for assets as at 31 March 2021 and 2022:

Assets measured at fair value:	Date of valuation	Fair value measurement using			
		Total Rs.	Quoted prices in active markets (Level 1) Rs.	Significant observable inputs (Level 2) Rs.	Significant unobservable inputs (Level 3) Rs.
As at 31 March 2022					
Non-financial assets					
Property, plant and equipment					
- Land (Note 14)	31 March 2022	1,636,655,000	-	-	1,636,655,000
- Buildings (Note 14)	31 March 2022	4,461,979,869	-	-	4,461,979,869
Investment properties					
- Land (Note 15)	31 March 2022	571,130,000	-	-	571,130,000
- Buildings (Note 15)	31 March 2022	5,366,266	-	-	5,366,266
Non-financial assets as at 31 March 2022		6,675,131,135	-	-	6,675,131,135
Financial assets					
Equity instruments designated at fair value through profit or loss					
Quoted equity shares (Note 24)	31 March 2022	5,149,400	5,149,400	-	-
Financial assets as at 31 March 2022		5,149,400	5,149,400	-	-
Assets measured at fair value:					
As at 31 March 2021					
Non-financial assets					
Property, plant and equipment					
- Land (Note 14)	31 March 2021	1,508,114,000	-	-	1,508,114,000
- Buildings (Note 14)	31 March 2021	3,558,330,680	-	-	3,558,330,680
Investment properties					
- Land (Note 15)	31 March 2021	571,130,000	-	-	571,130,000
- Buildings (Note 15)	31 March 2021	5,366,266	-	-	5,366,266
Non-financial assets as at 31 March 2021		5,642,940,946	-	-	5,642,940,946
Financial assets					
Equity instruments designated at fair value through profit or loss					
Quoted equity shares (Note 24)	31 March 2021	5,993,080	5,993,080	-	-
Financial assets as at 31 March 2021		5,993,080	5,993,080	-	-

Notes to the Financial Statements

Year ended 31 March

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Group

14.1.1 Gross Carrying Amounts

	Balance as at 01.04.2021 Rs.	Additions/ Transfers in Rs.	Disposals Rs.	Revaluations Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2022 Rs.
At cost or valuation						
Freehold land	1,508,114,000	-	-	128,541,000	-	1,636,655,000
Buildings	3,566,120,297	12,273,468	(10,952,556)	998,871,710	(101,815,549)	4,464,497,370
Motor vehicles	5,544,248	-	-	-	-	5,544,248
Furniture and fittings	269,705,353	8,174,640	(1,753,931)	-	-	276,126,061
Plant & machinery	132,389,869	63,000	-	-	-	132,452,869
Entertainment equipment	64,398,832	6,782,408	-	-	-	71,181,240
Office equipment	9,808,698	840,040	(506,604)	-	-	10,142,134
Gardening and other equipment	4,787,376	104,515	-	-	-	4,891,891
Sundry equipment	22,664,481	3,639,027	(1,258,534)	-	-	25,044,974
Linen and furnishing	73,400,174	10,390,131	(2,470,366)	-	-	81,319,939
Kitchen utensils and other equipment	159,927,194	14,798,292	(900,632)	-	-	173,824,854
Air conditioner	245,911,323	1,800,021	(108,079)	-	-	247,603,265
Computer equipment	25,352,942	4,377,710	(1,447,229)	-	-	28,283,423
Generator	48,804,092	-	-	-	-	48,804,092
Electrical fittings	117,503,460	4,183,719	(2,004,719)	-	-	119,682,460
Crockery and cutlery	13,308,381	2,457,398	(1,470,112)	-	-	14,295,667
Total value of depreciable assets	6,267,740,720	69,884,369	(22,872,763)	1,127,412,710	(101,815,549)	7,340,349,487

	Balance as at 01.04.2021 Rs.	Incurred during the Rs.	Transfers out Rs.	Revaluations Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2022 Rs.
Building work in progress	365,000	255,000	(365,000)	-	-	255,000
	365,000	255,000	(365,000)	-	-	255,000
Total gross carrying amount	6,268,105,720	70,139,369	(23,237,763)	1,127,412,710	(101,815,549)	7,340,604,487

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)**14.1.2 Depreciation**

	Balance as at 01.04.2021 Rs.	Charge for the year Rs.	Disposals Rs.	Transfers on Transfers on Rs.	Balance as at 31.03.2022 Rs.
At cost or valuation					
Buildings	7,789,616	103,037,746	(6,494,312)	(101,815,549)	2,517,501
Motor vehicles	5,544,248	-	-	-	5,544,248
Furniture and fittings	250,968,589	8,072,017	(1,753,931)	-	257,286,675
Plant & machinery	87,954,275	13,226,639	-	-	101,180,914
Entertainment equipment	54,161,064	4,717,943	-	-	58,879,007
Office equipment	6,534,540	294,423	(492,388)	-	6,336,574
Gardening and other equipment	120,755	343,117	-	-	463,872
Sundry equipment	21,239,514	729,906	(1,258,534)	-	20,710,886
Linen and furnishing	62,755,005	7,856,091	(2,470,366)	-	68,140,730
Kitchen utensils and other equipment	102,783,467	16,703,601	(660,682)	-	118,826,386
Air condition	122,180,728	17,065,860	(108,079)	-	139,138,509
Computer equipment	21,731,943	2,201,738	(1,445,312)	-	22,488,370
Generator	24,698,409	3,359,130	-	-	28,057,539
Electrical fitting	79,135,702	11,491,720	(2,004,719)	-	88,622,703
Crockery and cutlery	10,787,368	2,393,216	(1,470,112)	-	11,710,472
Total depreciation	858,385,223	191,493,147	(18,158,435)	(101,815,549)	929,904,386

Notes to the Financial Statements

Year ended 31 March

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.1.3 Net Book Values

	2022 Rs.	2021 Rs.
At cost or valuation		
Freehold land	1,636,655,000	1,508,114,000
Buildings	4,461,979,869	3,558,330,681
Motor vehicles	-	-
Furniture and fittings	18,839,386	18,736,764
Plant & machinery	31,271,955	44,435,594
Entertainment equipment	12,302,233	10,237,768
Office equipment	3,805,560	3,274,158
Gardening and other equipment	4,428,019	4,666,621
Sundry equipment	4,334,087	1,424,967
Linen and furnishing	13,179,209	10,645,169
Kitchen utensils and other equipment	54,998,468	57,143,727
Air condition	108,464,756	123,730,595
Computer equipment	5,795,053	3,620,999
Generator	20,746,553	24,105,683
Electrical fittings	31,059,757	38,367,758
Crockery and cutlery	2,585,195	2,521,013
	6,410,445,101	5,409,355,497
In the course of construction		
Building work in progress	255,000	365,000
	255,000	365,000
Total carrying amount of property, plant and equipment	6,410,700,101	5,409,720,497

14.1.4 During the financial year, the Group acquired property, plant and equipment for cash to the aggregate value of Rs. 69,774,369/- (2021: Rs. 31,391,691/-).

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)**14.2 Company****14.2.1 Gross carrying amounts**

	Balance as at 01.04.2021 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2022 Rs.
At cost				
Buildings	10,952,558	2,108,000	(10,952,556)	2,108,002
Furniture and fittings	4,413,063	829,212	(23,250)	5,219,025
Office equipment	6,131,341	240,000	(1,953,833)	4,417,507
Sundry equipment	85,563	48,220	(56,099)	77,684
Kitchen utensils and other equipment	2,705,928	97,500	(84,251)	2,719,177
Electrical fittings	1,541,882	-	(1,541,882)	-
	25,830,335	3,322,932	(14,611,872)	14,541,395

14.2.2 Depreciation

	Balance As At 01.04.2021 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2022 Rs.
At cost				
Buildings	5,753,821	1,009,600	(6,494,312)	269,109
Furniture and fittings	4,347,915	105,916	(23,250)	4,430,581
Office equipment	4,804,864	514,480	(1,937,700)	3,381,645
Sundry equipment	85,563	4,822	(56,099)	34,286
Kitchen utensils and other equipment	1,703,590	250,322	(24,471)	1,929,441
Electrical fitting	1,541,882	-	(1,541,882)	-
Total depreciation	18,237,636	1,885,141	(10,077,714)	10,045,062

Notes to the Financial Statements

Year ended 31 March

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.2.3 Net book values

	2022 Rs.	2021 Rs.
At cost		
Buildings	1,838,893	5,198,737
Furniture and fittings	788,444	65,148
Equipment	-	-
Office equipment	1,035,862	1,326,476
Sundry equipment	43,398	-
Kitchen utensils and other equipment	789,736	1,002,338
Total carrying amount of property, plant and equipment	4,496,333	7,592,699

14.2.4 During the financial year, the Company acquired property, plant and equipment for cash to the aggregate value of Rs. 3,322,932/- (2021: Rs. 257,429/-).

14.3 Revaluation of land and buildings

The freehold land and buildings belonging to Waskaduwa Beach Resorts PLC and Hikkaduwa Beach Resort PLC were revalued by an Independent Professional Valuer, FRT Valuation Services (Private) Limited, as at 31 March 2022. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 March 2022. Such assets were valued based on market based evidence and depreciated replacement cost method. The surplus arising from the revaluation was transferred to the revaluation reserve.

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.3.1 Valuation technique, inputs and relationship with fair value

The fair value measurement for the freehold land and buildings of the Group has been categorized as a Level 3 fair value measurement based on the inputs to the valuation technique used.

Property	Valuation technique	Effective date of valuation	Significant unobservable inputs	Sensitivity of the input to the fair value
Lands	<u>Open market value method</u> This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	31 March 2022	Price per perch of land Rs. 866,328 - Rs. 1,350,000	Estimated fair value would increase/ (decrease) if :- Price per perch increases/ (decreases)
Buildings	Depreciated replacement cost method	31 March 2022	Rate per square feet of building Rs. 5,000 - Rs. 23,000	Estimated fair value would increase/ (decrease) if :- Rate per square feet increases/ (decreases)

Notes to the Financial Statements

Year ended 31 March

14. PROPERTY, PLANT AND EQUIPMENT (Contd.) 14.4 Value and ownership of freehold land and freehold buildings of the Group.

Company	Location	Property	No. of Buildings	Ownership	Extent	Carrying value
						Rs.
Hikkaduwa Beach Resort PLC	No. 400, Galle Road, Hikkaduwa.	Land - Building 01	-	Freehold	312.1 Perches 80,700 Sq. ft	442,335,000 837,024,000
Waskaduwa Beach Resort PLC	No. 427, Kudawaskaduwa, Waskaduwa.	Land - Building 04	-	Freehold	1378.60 Perches 263,740 Sq. ft	1,194,320,000 3,615,000,000

14.5 The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation is as follows.

Class of assets	Cost		Cumulative depreciation if assets were carried at cost	Net carrying amount	
	Rs.	Rs.		2022	2021
Lands	869,823,714	-	-	869,823,714	869,823,714
Buildings	3,272,852,835	(511,692,026)	(511,692,026)	2,761,160,808	2,723,274,573
	4,142,676,549	(511,692,026)	(511,692,026)	3,630,984,522	3,593,098,287

14.6 Impairment assessment of property, plant and equipment

Hotel properties were identified as separate CGUs by the Group for purposes of assessing impairment. The impairment test was carried out for the Group's Hotel properties in subsidiaries considering their fair value less cost to sell and value in use. In determining the recoverable value for the CGU, following assumptions were applied. The recoverable amount of the CGU was higher than the book value as of 31 March 2022, and no impairment loss was recognized.

The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows:

	2022	2021
	Rs.	Rs.
Discount Rate :	18.24% - 20.35%	12.00%
Terminal growth rate :	2.5% - 3%	2.25%
Price per perch of land :	Rs. 866,328 - Rs. 1,350,000	Rs. 800,000 - Rs. 1,300,000
Price per perch of land :	Rs. 5,000 - Rs. 23,000	Rs. 2,855 - Rs. 17,000

15. INVESTMENT PROPERTY

	Group	
	2022 Rs.	2021 Rs.
Carrying value		
At the beginning of the year	576,496,266	558,991,266
Change in fair value during the year	-	17,505,000
At the end of the year	576,496,266	576,496,266
The details relating to assets were classified as held for sale as at 31 March are stated below;		
Assets		
Land	571,130,000	571,130,000
Buildings	5,366,266	5,366,266
	576,496,266	576,496,266

Valuation details of investment property

Fair value of the investment property is ascertained by independent valuations carried out by Mr. T. M. H. Mutaliph - D.I.V – F.P (CTC – Sri Lanka), Chartered Valuer, who has recent experience in valuing properties of similar location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and International Valuation Standards published by the International Valuation Standards Committee (IVSC) by the independent valuers. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Notes to the Financial Statements

As at 31 March

15. INVESTMENT PROPERTY (Contd.)

Description of valuation techniques used to valuation on investment properties:

Property	Location	Method of valuation	Significant unobservable inputs	Effective date of valuation	Value Rs.
Land	Munaithottam, Pasikkudah, Kalkudah.	Open market value method	Estimated price per perch Rs. 135,000 – 175,000	31 March 2022	343,680,000
Land	Kajuwatta Road, Mukkuthoduwawa, Madurankuliya	Open market value method	Estimated price per perch Rs. 31,250	31 March 2022	227,450,000

16. RIGHT-OF-USE ASSETS**16.1 Group**

	Land and buildings Rs.	Motor vehicles Rs.	Total 2022 Rs.	Total 2021 Rs.
Cost				
As at 1 April	450,181,678	6,407,142	456,588,820	418,008,610
New lease entered during the year	-	-	-	38,580,210
As at 31 March	450,181,678	6,407,142	456,588,820	456,588,820
Accumulated depreciation				
As at 1 April	114,272,802	6,407,142	120,679,944	61,123,646
Depreciation charge for the year	62,274,132	-	62,274,132	59,556,298
As at 31 March	176,546,934	6,407,142	182,954,076	120,679,944
Carrying value	273,634,744	-	273,634,744	335,908,876

16.2 Company

	Land and buildings	
	2022 Rs.	2021 Rs.
Cost		
As at 1 April	81,255,423	81,255,423
Transferred from previously recognised leasehold properties	-	-
Transferred from advance payments	-	-
As at 31 March	81,255,423	81,255,423
Accumulated depreciation		
As at 1 April	12,903,468	6,451,734
Depreciation charge for the year	4,194,892	6,451,734
As at 31 March	17,098,360	12,903,468
Carrying value	64,157,063	68,351,955

Notes to the Financial Statements

As at 31 March

17. INTANGIBLE ASSETS

17.1 Group

	Website Development Cost Rs.	Computer Software Rs.	2022 Rs.	2021 Rs.
Cost				
At the beginning of the year	1,567,775	7,499,675	9,067,450	8,973,610
Acquisitions during the year	-	513,795	513,795	93,840
At the end of the year	1,567,775	8,013,470	9,581,245	9,067,450
Amortization				
At the beginning of the year	1,374,866	4,468,495	5,843,361	4,285,041
Amortization for the year	192,909	1,229,878	1,422,787	1,558,310
At the end of the year	1,567,775	5,698,373	7,266,148	5,843,351
Carrying amount	-	2,315,097	2,315,097	3,224,099

17.2 Company

	Computer Software	
	2022 Rs.	2021 Rs.
Cost		
At the beginning of the year	1,257,639	1,257,639
Acquisitions during the year	-	-
At the end of the year	1,257,639	1,257,639
Amortization		
At the beginning of the year	497,431	209,191
Amortization for the year	288,240	288,240
At the end of the year	785,671	497,431
Carrying amount	471,968	760,208

18. INVESTMENT IN SUBSIDIARIES - COMPANY

	2022 Rs.	2021 Rs.
Investment in subsidiaries - Quoted (Note 18.1)	3,488,915,800	3,488,915,800
Investment in subsidiaries - Non-quoted (Note 18.2)	62,878,576	62,878,576
Total carrying value of investments in subsidiaries	3,551,794,376	3,551,794,376

18.1 Investment in subsidiaries - Quoted

	Holding		Carrying value	
	2022 %	2021 %	2022 Rs.	2021 Rs.
Hikkaduwa Beach Resort PLC	82.86%	82.86%	3,488,915,800	3,488,915,800
Total Quoted Investment in Subsidiaries			3,488,915,800	3,488,915,800

18.2 Investment in subsidiaries - Non-quoted

	Holding		Carrying value	
	2022 %	2021 %	2022 Rs.	2021 Rs.
Citrus Aqua Limited	58.20%	58.20%	12,000,000	12,000,000
Citrus Vacations Limited	97.76%	97.76%	25,612,000	25,612,000
Citrus Equity Limited	100%	100%	10	10
Citrus Silver Limited	100%	100%	25,266,556	25,266,556
Citrus Villas Limited	100%	100%	10	10
Total non-quoted investment in subsidiaries			62,878,576	62,878,576

Notes to the Financial Statements

As at 31 March

19. INVESTMENT IN ASSOCIATE

The Group has a 20.22% interest in Colombo Land & Development Company PLC, which is involved in leasing out investment property under operating leases and also involved in development of investment property. The cost of investment as at acquisition date was Rs.1,303,303,398/-.

Colombo Land and Development Company PLC ("Company") is a public limited liability Company listed on Colombo Stock Exchange and incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No. 250 - 3/8, (3rd Floor) Liberty Plaza, R. A. De Mel Mawatha, Colombo 3.

Carrying value of the investment	2022	2021	2022	2021
	No of shares	No of shares	Rs.	Rs.
Colombo Land & Development Company PLC	40,413,200	40,413,200	2,235,848,227	2,216,690,253
Share of profit of associate			126,123,636	13,863,978
Share of other comprehensive income/(loss) of associate			2,572,181	5,293,996
			2,364,544,044	2,235,848,227
Impairment of investment of associate			(35,935,461)	-
Group's carrying amount of the investment			2,328,608,584	2,235,848,227

19.1 Summarised Financial information of associate - Group

The following table illustrates the summarised financial information of Colombo Land & Development Company PLC:

	As at 31.03.2022	As at 31.03.2021
	Rs.	Rs.
Statement of financial position		
Current assets	188,050,486	344,213,670
Non- current assets	13,109,579,370	13,514,497,326
Current liabilities	(186,390,530)	(582,750,808)
Non- current liabilities	(4,474,419,858)	(5,289,417,390)
Total equity	8,636,819,468	7,986,542,798

19. INVESTMENT IN ASSOCIATE (Contd.)**19.1 Summarised statement of profit or loss and other comprehensive income**

	Year ended 31.03.2022 Rs.	Year ended 31.03.2021 Rs.
Revenue	323,593,092	433,473,925
Direct expenses	(101,834,039)	(106,538,128)
Other operating income	17,845,089	3,768,090
Change in fair value of investment properties	131,451,930	199,291,679
Selling and marketing expenses	(12,830,176)	(23,595,269)
Administrative expenses	(88,912,662)	(102,912,271)
Finance expenses	(207,436,089)	(219,058,474)
Finance income	(456,746)	456,746
Profit before tax	61,420,399	184,886,298
Tax expenses	562,336,456	(116,320,629)
Profit for the year	623,756,855	68,565,669
Group's share of profit for the year	126,123,636	13,863,978
Other comprehensive income		
Other comprehensive income for the year	12,720,973	26,181,978
Group's share of other comprehensive income for the year	2,572,181	5,293,996

19.2 Contingent liabilities

The associate does not have significant contingent liabilities as at 31 March 2021 and 2022.

19.3 Market value of the investment as at 31 March,

	2022 Rs.	2021 Rs.
Market value of a share	24.90	24.00
Market value of the investment	1,006,288,680	969,916,800

Notes to the Financial Statements

As at 31 March

- 19.4** The Group performed an impairment test of the carrying value of the investment considering indicators of impairment identified as at 31 March 2022. An impairment loss of Rs. 35.93 Mn was recorded by the Group pursuant to the impairment test carried out.

In performing the impairment test, the Group engaged KPMG - Sri Lanka to determine the fair value of the investment held in Colombo Land & Development Company PLC. The investment in associate has been considered as a single cash-generating unit for purposes of the impairment test, where the results of multiple valuation techniques have been considered as follows.

Valuation method used	Fair value less cost to sell
Fair value hierarchy	Level 3
Recoverable value identified	Rs.232,8608,587/-

Significant judgement has been applied by the Group in considering the fair value of leasehold rights attached to a 9A-2R-2P property in Colombo 11 for which no physical possession has been obtained by the investee, particularly relating to the deep discount (60%) applied in factoring in uncertainties over the timing of obtaining physical possession of the lease right.

The following table demonstrates the sensitivity of the Group's profit before tax as affected through an impact on the deep discount rate assuming all other variables being held constant.

Group	Assumed impact due to Increase/ (decrease) in basis points	Effect on Profit Before Tax had the assumed impact taken place as at 31.03.2022 Rs.
Change in deep discount rate	+ 250 basis points	(73,956,149)
Change in deep discount rate	- 250 basis points	35,935,461

20. DEFERRED TAXATION

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred tax assets	(33,762,296)	(31,706,977)	-	-
Deferred tax liabilities	353,870,431	225,576,802	-	-
Net deferred tax liabilities	320,108,135	193,869,825	-	-

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
20.1 Net deferred tax liabilities				
At the beginning of the year	193,869,825	167,265,470	-	-
Amount origination/ (reversal) of temporary differences				
- Recognised in profit or loss				
Accelerated depreciation for tax purposes	349,930	6,789,653	-	890,062
Right-of-use assets	(1,292,236)	75,461	-	-
Retirement benefit obligation	(762,657)	(1,157,912)	(410,402)	(544,390)
Carried forward business losses	(29,188,341)	(42,139,449)	-	-
Impairment of trade debtors	(889,850)	-	-	-
Revaluation of investment property to fair value	-	1,750,500	-	-
- Recognised in other comprehensive income				
Revaluation of land and buildings	157,837,779	61,620,507	-	-
Actuarial gains and losses on defined benefit plans	183,684	(334,405)	410,402	(345,672)
At the end of the year	320,108,135	193,869,825	-	-

20.2 Net deferred tax asset/liability on each temporary difference which were recognized in the financial statements are disclosed below.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred tax liability				
Capital allowances for tax purpose	58,076,775	58,616,907	-	890,062
Deferred tax effect on revaluation of land and buildings	375,134,161	217,296,381	-	-
Deferred tax assets				
Right-of-use assets	(3,160,112)	(1,867,876)	-	-
Carried forward business losses	(104,348,927)	(75,160,586)	-	-
Retirement benefit obligation	(4,703,913)	(5,015,001)	-	(890,062)
Impairment Provision on Trade Receivables	(889,850)	-	-	-
	320,108,135	193,869,825	-	-

Notes to the Financial Statements

As at 31 March

20. DEFERRED TAXATION (Contd.)

20.3 Unrecognised deferred tax

Deferred tax asset of Rs. 64,360,002/- of Citrus Leisure PLC ("Company") has not been recognised in the statement of financial position as the management is of the opinion that the reversal of the taxable asset will not be crystallised in the foreseeable future.

The Group recognizes a deferred tax asset on unused tax losses which is expected to reduce the future tax expense based on the Group's forecasted business plans. However, Deferred tax Assets have not been recognized for unused tax losses amounting to Rs. 465,360,862/- by the Company and Rs.4,438,248,973/- by the Group.

21. INVENTORIES

	Group	
	2022 Rs.	2021 Rs.
Food & Beverage	23,118,060	14,123,622
House Keeping and Maintenance	5,058,223	6,273,088
Other Stocks	11,032,542	7,157,775
	39,208,825	27,554,485

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade debtors - Others	85,439,342	44,837,476	-	-
- Related parties	11,501,909	8,182,148	-	-
(Note 22.3)				
Total trade debtors (Note 22.1)	96,941,251	53,019,624	-	-
Less: Impairment for trade debtors (Note 22.2)	(21,205,613)	(21,886,313)	-	-
	75,735,638	31,133,311	-	-
Other receivables - Related parties	6,370,056	5,562,249	255,285,416	195,508,775
(Note 22.3)				
- Others	24,262,415	19,443,702	592,162	299,796
Less: Impairment for related companies	-	-	(55,385,420)	(9,536,328)
	106,368,109	56,139,262	200,492,159	186,272,243
		-		
Current trade and other receivables	106,368,109	56,139,262	20,474,407	19,169,701
Non-current other receivables - related parties	-	-	180,017,752	167,102,542

22. TRADE AND OTHER RECEIVABLES (Contd.)

22.1 As at 31 March, the ageing analysis of trade receivables are as follows:

Group	Total Rs.	Past due but not impaired					
		< 30 days Rs.	31 - 60 days Rs.	61 - 90 days Rs.	91 - 120 days Rs.	> 120 days Rs.	
2022							
Trade Debtors	96,941,251	7,873,604	460,587	1,521,966	205,870	59,554,981	
Less: Impairment for trade debtors	(21,205,613)	-	-	-	-	(21,205,613)	
	75,735,638	7,873,604	460,587	1,521,966	205,870	38,349,368	
2021							
Trade Debtors	53,019,623	7,873,604	460,587	1,521,966	205,870	42,957,596	
Less: Impairment for trade debtors	(21,886,313)	-	-	-	-	(21,886,313)	
	31,133,310	7,873,604	460,587	1,521,966	205,870	21,071,283	

22.2 Impairment of debtors

Management has carried out an impairment provision based on the simplified approach of ECL method. Management considered 100% ECL for debtors aged more than 365 days in determining the provision matrix for ECL.

The Group has considered the current decline in the tourism industry due to the impact from the pandemic and current economic recession as a specific factor to the economic environment. The Management has monitored the effect of the global economic downturn to its travel agents through frequent discussions with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly. All above receivables are due from well-established travel agents and most of the dues are still within the credit period. The Management has considered the subsequent settlements of receivables and results of negotiations with travel agents on arriving the default rates.

- Refer Note 37 on credit risk of trade receivables, which discuss how the Group measure credit quality of trade receivables that are neither past due nor impairment.
- For terms and conditions with related parties, refer to Note 34.1.

Notes to the Financial Statements

As at 31 March

22. TRADE AND OTHER RECEIVABLES (Contd.) 22.3 Trade and other Receivables - Related Parties

	Relationship	Group					
		2022			2021		
		Total Rs.	Current- Trade Rs.	Current- Other Rs.	Total Rs.	Current- Trade Rs.	Current- Other Rs.
George Steuarts Health (Pvt) Ltd.	Affiliate Company	863,279	863,279	-	399,837	399,837	-
George Stewart Solutions (Pvt) Ltd.	Parent Company	6,581,906	211,850	6,370,056	5,717,099	154,850	5,562,249
George Stewart Travel Limited	Affiliate Company	938,757	938,757	-	408,068	408,068	-
Hardtalk (Pvt) Limited	Affiliate Company	129,027	129,027	-	-	-	-
HVA Foods PLC	Affiliate Company	97,243	97,243	-	-	-	-
Triad (Pvt) Ltd.	Affiliate Company	3,760,688	3,760,688	-	3,254,644	3,254,644	-
George Stewart Investment (Pvt) Ltd.	Affiliate Company	13,360	13,360	-	42,858	42,858	-
Power House Limited	Affiliate Company	4,070,588	4,070,588	-	3,264,636	3,264,636	-
Liberty Publishers (Pvt) Ltd.	Affiliate Company	1,395,365	1,395,365	-	635,502	635,502	-
Colombo Land & Development Company PLC	Associate entity	21,751	21,751	-	21,751	21,751	-
		17,871,965	11,501,909	6,370,056	13,744,395	8,182,146	5,562,249

Other Receivables - Related Parties

	Relationship	Company					
		2022			2021		
		Total Rs.	Current Rs.	Non-current Rs.	Total Rs.	Current Rs.	Non-current Rs.
Hikkaduwa Beach Resort PLC	Subsidiary	25,828,317	4,453,294	21,375,023	47,374,898	4,958,608	42,416,290
Citrus Vacations Limited	Subsidiary	55,385,420	1,279,883	54,105,537	51,911,912	1,096,691	50,815,221
Citrus Silver Limited	Subsidiary	167,701,623	7,779,011	159,922,612	90,659,716	7,252,357	83,407,359
George Stewart Solutions (Pvt) Ltd	Affiliate Company	6,370,056	6,370,056	-	5,562,249	5,562,249	-
		255,285,416	19,882,244	235,403,172	195,508,775	18,869,905	176,638,870

23. ADVANCES AND PREPAYMENTS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Advances	13,286,672	9,340,639	-	-
Prepayments	18,658,748	10,750,134	565,576	636,011
Deposits	14,559,743	14,084,743	2,217,500	2,342,500
	46,505,163	34,175,516	2,783,076	2,978,511

24. OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Equity instruments designated at fair value through profit or loss				
Listed equity investments (Note 24.1)	5,149,400	5,993,080	-	-
Other financial assets at amortized cost				
Investments in bank deposits (Note 24.2)	58,811,374	56,919,564	14,959,423	14,500,080
Total other financial assets	63,960,774	62,912,644	14,959,423	14,500,080

24.1 Investment in quoted securities - current - Group

	No. of shares		Carrying value	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Asian Hotels and Properties PLC	9,200	9,200	340,400	344,080
Sampath Bank PLC	105,000	105,000	4,809,000	5,649,000
	114,200	114,200	5,149,400	5,993,080

Notes to the Financial Statements

As at 31 March

24. OTHER CURRENT FINANCIAL ASSETS (Contd.)

24.2 Investments in bank deposits

	Credit Rating	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sampath Bank PLC	AA-(Ika)	51,494,052	49,850,481	14,959,423	14,500,080
Hatton National Bank PLC	AA-(Ika)	7,317,323	7,069,083	-	-
		58,811,374	56,919,564	14,959,423	14,500,080

Impairment of investments in fixed deposits

Management has assessed the provision of impairment of fixed deposits by considering the credit ratings of these institutions and considering other economic factors and concluded that the resulting impairment provision is immaterial to the financial statements.

25. CASH AND BANK BALANCES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash in hand	2,658,036	2,336,341	-	250,000
Cash at bank	55,201,618	8,574,505	2,942,125	2,465,240
	57,859,653	10,910,846	2,942,125	2,715,240

26. STATED CAPITAL

	2022		2021	
	Number	Rs.	Number	Rs.
Issued and fully-paid - ordinary shares				
As at the beginning of the year	267,229,723	3,256,172,662	267,229,723	3,256,172,662
Issue of shares	-	-	-	-
As at the end of the year	267,229,723	3,256,172,662	267,229,723	3,256,172,662

27. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 01 April	41,217,214	32,331,861	11,753,370	7,169,845
Current service cost	4,859,054	6,722,159	968,636	2,426,243
Interest cost	2,885,205	3,233,186	822,736	716,984
Actuarial (gain)/loss arising from changes in assumptions	(90,591)	1,359,825	(1,710,007)	1,440,298
Payments made during the year	(3,676,774)	(2,429,817)	(240,000)	-
Balance as at 31 March	45,194,108	41,217,214	11,594,735	11,753,370

27.1 Following amount are recognized in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Expense recognized in profit or loss				
Current service cost	4,859,054	6,722,159	968,636	2,426,243
Interest cost	2,885,205	3,233,186	822,736	716,984
	7,744,259	9,955,345	1,791,372	3,143,227
Actuarial gains and losses recognized directly in OCI				
Recognized during the period	(90,591)	1,359,825	(1,710,007)	1,440,298

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2022. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The liability is not externally funded.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation and the current service cost.

Notes to the Financial Statements

As at 31 March

27. RETIREMENT BENEFIT OBLIGATION (Contd.)

27.2 Assumptions used

The principal assumptions used were as follows,

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Discount rate	15%	7%	7%	7%
Future salary increment rate	10%	8% - 10%	10%	10%
Staff turnover rates	6% - 45%	3% - 45%	3%	3%
Retirement age	60 years	55 years	60 years	55 years

The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021. The following table demonstrates distribution of future working lifetime of the Post Employment Benefit Obligation (Undiscounted) as at the reporting date.

As on 17 Nov 2021, employees

who have attained the age of

	Retirement Age
Less than 52 years	60 Years
53 years	59 Years
54 years	58 Years
55 years	57 Years

Assumptions regarding future mortality are based on A 1967/70 mortality table, issued by the Institute of Actuaries, London.

27.3 Sensitivity of assumptions used

Values appearing in the financial statements are very sensitive to the changes in financial and non financial assumptions used.

A Sensitivity analysis was carried out as follows,

	Expected future salaries		Discount Rate	
	+1% Rs.	-1% Rs.	+1% Rs.	-1% Rs.

Company

A one percentage point change

Effect on defined benefit obligation liability	1,355,820	(858,646)	(825,370)	1,346,590
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Group

A one percentage point change

Effect on defined benefit obligation liability	(1,919,834)	(5,826,401)	(5,690,064)	(2,021,870)
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The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes to the Financial Statements

As at 31 March

27. RETIREMENT BENEFIT OBLIGATION (Contd.)

27.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years;

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Less than or equal 1 year	14,327,598	12,601,370	2,255,903	4,436,346
Over 1 year and less than or equal 2 years	8,613,777	5,796,473	845,149	103,059
Over 2 years and less than or equal 5 years	15,561,470	14,199,913	5,565,351	1,263,847
Over 5 years and less than or equal 10 years	4,834,240	3,202,866	1,482,333	819,358
Over 10 years	1,677,023	5,416,592	1,445,999	5,130,761
Total expected payments	45,014,108	41,217,214	11,594,735	11,753,371

- 27.5 The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 2.89 years (2021: 4.70 years).

28 INTEREST BEARING LOANS AND BORROWINGS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Other Financial Liabilities				
Current Interest -bearing loans and borrowings				
Bank loans (Note 28.1)	391,920,253	311,388,109	-	-
Bank overdrafts	408,309,844	432,804,329	11,895,952	14,306,866
	800,230,097	744,192,438	11,895,952	14,306,866
Non-Current Interest -bearing loans and borrowings				
Bank Loans (Note 28.1)	2,785,539,385	2,517,320,444	-	-
	2,785,539,385	2,517,320,444	-	-
Total Interest-bearing loans and borrowings	3,585,769,481	3,261,512,882	11,895,952	14,306,866

28. INTEREST BEARING LOANS AND BORROWINGS (Contd.)**28.1 Bank Loans - Group**

	As at 01.04.2021	Obtained during the year	Interest accrued during the moratorium period	Repayments	As at 31.03.2022
	Rs.	Rs.	Rs.	Rs.	Rs.
Sampath Bank PLC	2,104,167,409	-	250,866,484	-	2,355,033,894
Hatton National Bank PLC	179,384,147	-	10,959,084	-	190,343,231
National Development Bank PLC	50,000,000	-	-	-	50,000,000
Pan Asia Banking Corporation PLC	470,323,930	-	91,029,800	-	561,353,730
Nations Trust Bank PLC	24,833,069	-	-	-	24,833,069
	2,828,708,556	-	352,855,368	-	3,181,563,924

	2022 Rs.	2021 Rs.
Current	391,920,253	311,388,109
Non-current	2,785,539,385	2,517,320,444
	3,177,459,637	2,828,708,553

Notes to the Financial Statements

As at 31 March

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

28.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Citrus Leisure PLC								
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the fixed deposits + applicable margin percentage payable monthly together with statutory taxes	On demand	Overdraft Agreement for Rs. 11,490,000/- & Lien over funds lying to the credit of Fixed Deposits in the name of the Company and its successive renewal together with a Company Letter of Set - Off	11,895,952	14,306,866	14,959,423	14,500,080
Waskaduwa Beach Resort PLC								
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the Fixed Deposits + applicable margin percentage payable monthly together with statutory taxes	On demand	Overdraft agreement for Rs. 17,250,000/- & Lien over funds lying to the credit of fixed deposits in the name of the Company and its successive renewal together with a company Letter of Set - Off 7 7947 & 2029 1601 9091	15,082,487	17,158,614	22,725,423	21,988,805
Sampath Bank PLC	Permanent Overdraft	AWPLR+2% pa. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	On demand	Overdraft agreement for Rs. 75,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs. 1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J.R Alahakone Licensed Surveyor.	45,187,222	82,995,718	48,093,320,000	4,000,380,115
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% pa. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	134 Monthly Installments	Loan agreement for Rs. 602,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs. 1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J.R Alahakone Licensed Surveyor.	530,000,000	540,500,000	48,093,320,000	4,000,380,115

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

28.2 Security and repayment terms

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sampath Bank PLC	Term Loan	AWPLR+ 1.5% p.a. payable	134 Monthly	Loan agreement for Rs. 1,048,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs. 1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J/R Alahakone Licensed Surveyor.	833,900,000	844,400,000	4,809,320,000	4,000,380,115
	Facility	monthly together with statutory taxes (AWPLR to be reviewed monthly)	Installments					
Sampath Bank PLC	Term Loan	10% Per annum payable	60 Monthly	Loan agreement for Rs.209,870,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs. 1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J/R Alahakone Licensed Surveyor.	97,078,840	171,078,840	4,809,320,000	4,000,380,115
	Facility - Moratorium	monthly together with statutory taxes	Installments					
Sampath Bank PLC	Term Loan	10% Per annum payable	60 Monthly	Loan agreement for Rs.11,780,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs. 1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J/R Alahakone Licensed Surveyor.	4,882,935	9,110,935	4,809,320,000	4,000,380,115
	Facility - Moratorium	monthly together with statutory taxes	Installments					

Notes to the Financial Statements

As at 31 March

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

28.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	18 Monthly Installments	Loan agreement for Rs.15,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	15,000,000	15,000,000	4,809,320,000	4,000,380,115
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	18 Monthly Installments	Loan agreement for Rs.9,800,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	9,800,000	9,800,000	4,809,320,000	4,000,380,115
Sampath Bank PLC	Term Loan Facility - Moratorium	0% Interest	24 Monthly Instalments	Land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	-	23,464,641	-	4,000,380,115
Sampath Bank PLC	Term Loan Facility - Moratorium	0% Interest	24 Monthly Instalments	Land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	-	36,657,803	-	4,000,380,115

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)
28.2 Security and repayment terms

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sampath Bank PLC	Term Loan Facility - Moratorium	0% Interest	24 Monthly Instalments	Land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	-	14,961,277	-	4,000,380,115
Sampath Bank PLC	Term Loan Facility - Moratorium	0% Interest	24 Monthly Instalments	Land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	-	757,240	-	4,000,380,115
Sampath Bank PLC	Term Loan Facility - Amalgamated of Interest Moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Instalments	Loan Agreement of Rs.137,270,658/08. Existing mortgage/s will be kept as an additional security.	113,114,297	-	3,921,030,399	-
Sampath Bank PLC	Term Loan Facility - Amalgamated of Interest Moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Instalments	Loan Agreement of Rs.7,691,587/3. Existing mortgage/s will be kept as an additional security.	6,259,182	-	3,921,030,399	-
Sampath Bank PLC	Term Loan Facility - Amalgamated of Interest moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Instalments	Loan Agreement of Rs.112,547,244/36. Existing mortgage/s will be kept as an additional security.	103,547,244	-	3,921,030,399	-

Notes to the Financial Statements

As at 31 March

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

28.2 Security and repayment terms

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sampath Bank PLC	Term Loan Facility - Amalgamated of Interest Moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Installments	Loan Agreement of Rs.168,655,418/35. Existing mortgage/s will be kept as an additional security.	156,425,448	-	3,921,030,399	-
Commercial Bank of Ceylon PLC	Permanent Overdraft	AWPLR+2.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	On demand	property called Samathoduwa situated in Kalpitaya and morefully depicted as Lots 1, 2, 3 & 4 in Plan No. 1765 dated 16th May 2011 by J.R. Alahakoon (L.S.), in extent of 78 A : 3 R : 100 P which is the amalgamation of the lands owned by the Hikkaduwa Beach Resort PLC under the Deed of Transfer No. 513 dated 14th February 2011, and the land obtained on lease by the Company from Asia Sports Management (Pvt) Ltd, an affiliated Company under the Deed of Lease No. 62/89 dated 08th December 2010, and which is sub-leased to Hikkaduwa Beach Resort PLC (former Kalpitaya Beach Resort PLC) under the Deed of Sub Lease No. 514 dated 14th February 2011.	52,413,608	55,724,116	227,450,000	227,450,000

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

28.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Hikkaduwa Beach Resort PLC								
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	40 Monthly Installments	Loan Agreement for Rs. 480,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004, &a Letter of Undertaking from Citrus Leisure PLC	78,600,000	210,400,000	1,279,359,000	1,052,860,000
Sampath Bank PLC	Term Loan Facility	AWPLR+2.0% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	84 Monthly Installments	Loan Agreement for Rs. 140,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004, &a Letter of Undertaking from Citrus Leisure PLC	129,500,000	140,000,000	1,279,359,000	1,052,860,000
Sampath Bank PLC	Term Loan Facility - Moratorium	10% p.a. (fixed) payable monthly together with statutory taxes.	60 Monthly Installments	Loan Agreement for Rs. 53,100,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004, &a Letter of Undertaking from Citrus Leisure PLC	27,262,837	53,100,000	1,279,359,000	1,052,860,000
Sampath Bank PLC	Term Loan Facility - Moratorium	0% Interest	24 Monthly Installments	Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004, &a Letter of Undertaking from Citrus Leisure PLC	-	3,854,354	-	1,052,860,000

Notes to the Financial Statements

Year ended 31 March

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.) 28.2 Security and repayment terms

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sampath Bank PLC	Term Loan Facility - Moratorium	0% Interest	24 Monthly Installments	Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004, & a Letter of Undertaking from Citrus Leisure PLC	-	9,134,061	-	1,052,860,000
Sampath Bank PLC	Term Loan Facility - Moratorium	0% Interest	24 Monthly Installments	Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004, & a Letter of Undertaking from Citrus Leisure PLC	-	6,370,421	-	1,052,860,000
Sampath Bank PLC	Term Loan Facility (Under Saubagya - COVID-19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	18 Monthly Installments	Loan Agreement for Rs. 9,600,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004, & a Letter of Undertaking from Citrus Leisure PLC	9,600,000	9,600,000	1,279,359,000	1,052,860,000
Sampath Bank PLC	Term Loan Facility (Under Saubagya - COVID-19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	18 Monthly Installments	Loan Agreement for Rs. 15,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004, & a Letter of Undertaking from Citrus Leisure PLC	15,000,000	15,000,000	1,279,359,000	1,052,860,000

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)
28.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Sampath Bank PLC	Term Loan Facility - Amalgamated of Interest Moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Installments	Loan Agreement of Rs.214,573,869.56. Existing mortgage/s will be kept as an additional security.	163,424,111	-	1,279,359,000	-
Sampath Bank PLC	Term Loan Facility - Amalgamated of Interest Moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Installments	Loan Agreement of Rs.214,573,869.56. Existing mortgage/s will be kept as an additional security.	26,976,214	-	1,279,359,000	-
Sampath Bank PLC	Term Loan Facility - Amalgamated of Interest Moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Installments	Loan Agreement of Rs.214,573,869.56. Existing mortgage/s will be kept as an additional security.	34,662,785	-	1,279,359,000	-
National Development Bank PLC	Short Term Loan	14.5% Per annum	2 Monthly Installments	Shares of Maskaduwa Beach Resort PLC worth of LKR 333334000/- which shall be deposited in a Slash Account jointly with the Bank maintained at NDB securities (Private) Limited as per condition 82 (v) in the Letter of offer No of Shares 196/078,432	50,000,000	50,000,000	795,718,447	795,747,072
Pan Asia Banking Corporation PLC	Short Term Loan Facility	Fixed Rate	75 Monthly Installments	Quoted Equity Shares of 40338600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	314,471,213	388,800,000	2,328,608,584	2,235,848,227

Notes to the Financial Statements

Year ended 31 March

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.) 28.2 Security and repayment terms

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Pan Asia Banking Corporation PLC	Term Loan Facility - Moratorium	Fixed Rate	24 Monthly Installments	Quoted Equity Shares of 40338600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	11,716,717	54,745,406	2,328,608,584	2,235,848,227
Pan Asia Banking Corporation PLC	Term Loan Facility - Moratorium	Fixed Rate	24 Monthly Installments	Quoted Equity Shares of 40338600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	235,165,800	-	2,328,608,584	-
Pan Asia Banking Corporation PLC	Permanent Overdraft	Fixed Rate	On demand	Quoted Equity Shares of 40338600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	244,642,147	216,443,555	2,328,608,584	2,235,848,227
Nations Trust Bank PLC	Permanent Overdraft	Weekly AMP/RH-5.0% pa.	On demand	Overdraft Agreement for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	21,668,543	24,447,008	-	-
Nations Trust Bank PLC	Term Loan Facility	06 Month AMP/RH-3.25% pa.	60 Monthly Installments	Term Loan Facility for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	19,949,690	19,949,690	-	-
Nations Trust Bank PLC	Term Loan Facility	0% Interest	2 Monthly Installments	Term Loan Facility for Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	779,091	779,091	-	-

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)
28.2 Security and repayment terms

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Citrus Silver Limited								
Hatton National Bank PLC	Term Loan Facility	AWPLR+2.0% pa payable monthly together with statutory taxes. (AWPLR to be reviewed monthly)	84 Monthly Installments	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – LS, officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeyunga (Fv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantee from Citrus Leisure PLC	95,112,000	95,112,000	337,000,000	337,000,000
Hatton National Bank PLC	Term Loan Facility	15% pa	21 Monthly Installments	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – LS, officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeyunga (Fv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantee from Citrus Leisure PLC	26,975,000	26,975,000	337,000,000	337,000,000
Hatton National Bank PLC	Term Loan Facility	8.9% pa	24 Monthly Installments	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – LS, officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeyunga (Fv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantee from Citrus Leisure PLC	10,000,000	10,000,000	337,000,000	337,000,000

Notes to the Financial Statements

Year ended 31 March

28. INTEREST-BEARING LOANS AND BORROWINGS (Contd.) 28.2 Security and repayment terms

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Hatton National Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% pa	24 Monthly Installments	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthony Pillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. GKDK Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC	25,000,000	25,000,000	337,000,000	337,000,000
Hatton National Bank PLC	Term Loan Facility - Moratorium	10%	24 Monthly Installments	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthony Pillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. GKDK Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC	33,256,230	22,297,146	337,000,000	337,000,000
Hatton National Bank PLC	Permanent Overdraft	FD Rate + 2%	On demand	Overdraft Agreement for Rs. 4,900,000/- & Lien over funds lying to the credit of Fixed Deposit in the name of the Company and its successive renewal together with a Company Letter of Set – Off	6,818,994	4,323,011	7,203,468	6,961,164
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the Fixed Deposits + applicable margin percentage payable monthly together with statutory taxes	On demand	Overdraft Agreement for Rs. 10,500,000/- & Lien over funds lying to the credit of Fixed Deposit in the name of the Company and its successive renewal together with a Company Letter of Set – Off	10,536,131	10,541,222	13,809,206	13,653,110

29. ADVANCE RECEIVED FOR LEASEHOLD RIGHTS

	Company	
	2022	2021
	Rs.	Rs.
At the beginning of the year	159,570,689	161,363,621
Deferred income on amortization of lease right	(1,792,932)	(1,792,932)
At the end of the year	157,777,757	159,570,689
Current advance received for leasehold rights	1,792,932	1,792,932
Non-Current advance received for leasehold rights	155,984,825	157,777,757

*This amount reflects the advance amount received from Hikkaduwa Beach Resort PLC on leasehold land.

30. LEASE LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	281,492,645	293,941,368	21,337,968	18,717,516
Lease entered during the year	-	20,490,211	-	-
Transferred from interest bearing loans and borrowings	-	-	-	-
Interest expense	33,385,800	39,299,880	1,211,409	2,620,452
Payments	(90,559,050)	(72,238,814)	(9,768,750)	-
At the end of the year	224,319,395	281,492,645	12,780,627	21,337,968
Current lease liabilities	85,357,098	70,417,978	4,102,698	21,337,968
Non-current lease liabilities	138,962,297	211,074,667	8,677,929	-

Notes to the Financial Statements

Year ended 31 March

30.1 Total amount recognised in profit or loss

The following are the amounts recognised in profit or loss:

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Depreciation expense of right-of-use assets	62,274,132	59,556,298	4,194,892	6,451,734
Interest expense on lease liabilities	33,385,800	39,299,880	1,211,409	2,620,452
Expense relating to short-term leases (included in administrative expenses)	1,125,100	1,125,100	-	-
Expense relating to short-term leases (included in other operating expenses)	617,679	617,679	-	-
Expense relating to leases of low-value assets (included in administrative expenses)	1,180,000	1,180,000	-	-
Total amount recognised in profit or loss	98,582,710	101,778,957	5,406,300	9,072,186

30.2 Details of lease liabilities recognised due to ROU assets

Company	Nature of the lease activities	Remaining lease period as at 31.03.2022 (No. of years)
Citrus Leisure PLC	Lease land and building	3.4
Citrus Silver Limited	Lease land and building	3.2 - 3.9
Hikkaduwa Beach Resort PLC	Lease land	87.8

Note 2.3 (s) provides the details of the above lease liabilities.

31 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Trade payables - others	51,481,438	46,649,019	-	-
- Related parties (Note 31.1)	11,260,600	5,074,066	-	-
Sundry creditors including accrued expenses	172,223,447	228,078,742	7,498,232	7,043,545
Notes payable	178,659,611	147,128,274	11,863,199	14,619,010
Other payables - others	61,510,633	56,876,960	-	-
- Related parties (Note 31.1)	486,762,797	326,375,943	429,406,787	296,360,935
Tenant deposits - Related parties	-	-	1,170,000	1,170,000
Advance received for leasehold rights (Note 29)	-	-	1,792,932	1,792,932
	961,898,525	810,183,004	451,731,149	320,986,422
Non-current other payables	-	-	14,717,800	15,150,302
Current trade and other payables	961,898,525	810,183,004	437,013,350	305,836,120

For terms and conditions with related parties, refer to Note 34.1.

For explanations on the Group's liquidity risk management processes, refer to Note 37.

Notes to the Financial Statements

Year ended 31 March

31. TRADE AND OTHER PAYABLE (Contd.)
 31.1 Other Payables to Related Parties - Group

Relationship	2022				2021					
	Total		Current-Trade		Total		Current-Trade		Current - Other	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
George Stewart & Company Limited	485,965,340	-	485,965,340	326,075,943	-	326,075,943	-	-	-	326,075,943
Triad (Pvt) Ltd	1,921,160	1,921,160	-	1,087,410	1,087,410	-	-	-	-	-
Divasa Equity (Pvt) Ltd	806,623	806,623	-	460,239	460,239	-	-	-	-	-
George Stewart Health (Pvt) Ltd.	33,000	33,000	-	-	-	-	-	-	-	-
George Stewart Consumer (Pvt) Ltd.	3,128,047	3,128,047	-	-	-	-	-	-	-	-
HVA Foods PLC	768,646	71,190	697,457	-	-	-	-	-	-	-
Adpack Productions (Pvt) Ltd	663,200	663,200	-	663,200	663,200	-	-	-	-	-
George Stewart Teas (Pvt) Ltd	-	-	-	-	-	-	-	-	-	-
George Stewart Solutions (Pvt) Ltd	3,438,693	3,438,693	-	1,245,852	1,245,852	-	-	-	-	-
George Stewart Laboratories (Pvt) Ltd	347,178	347,178	-	909,595	909,595	-	-	-	-	-
Emagewise (Private) Ltd	757,252	757,252	-	595,252	595,252	-	-	-	-	-
Printage (Pvt) Ltd	71,415	71,415	-	111,837	111,837	-	-	-	-	-
Hammer BTL (Pvt) Ltd	22,843	22,843	-	680	680	-	-	-	-	-
George Stewart Capital (Pvt) Ltd	100,000	-	100,000	300,000	300,000	-	-	-	-	300,000
	498,023,397	11,260,600	486,762,797	331,450,008	5,074,066	336,375,943	-	-	-	326,375,943

Other Payables to Related Parties - Company

Relationship	2022				2021					
	Total		Non current		Total		Non current		Current - Other	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
George Stewart & Company Limited	414,243,340	-	414,243,340	281,785,942	-	281,785,942	-	-	-	281,785,943
Citrus Aqua Limited	15,063,446	14,717,800	345,647	14,274,993	13,980,302	294,691	13,980,302	-	-	294,691
George Stewart Capital (Pvt) Ltd	100,000	-	100,000	300,000	300,000	-	-	-	-	300,000
	429,406,787	14,717,800	414,688,987	296,360,935	13,980,302	282,380,634	-	-	-	282,380,634

32. CONTRACT LIABILITIES

	Company	
	2022	2021
	Rs.	Rs.
Advance received for future room reservations	31,219,712	11,127,118
Advance received for future banquet reservations	7,392,567	1,685,512
Advance received for cancelled banquet reservations	1,552,248	1,802,248
	40,164,527	14,614,878

These amounts will be settled for revenue within next 12 months.

33. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below.

33.1 Non-controlling interest (NCI) in subsidiaries

Year ended 31 March	2022		2021	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
NCI Percentage (%)	31.37%	17.14%	25.45%	17.14%

33.2 Summarised statement of total comprehensive income

Year ended 31 March	2022		2021	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
Revenue	350,847,137	232,611,118	238,607,096	105,787,559
Cost of sales	(111,063,242)	(64,079,947)	(50,576,044)	(37,653,945)
Administrative expenses	(243,689,455)	(109,641,618)	(222,326,869)	(146,722,005)
Finance costs	(159,009,019)	(147,547,564)	(166,999,034)	(135,490,446)
Profit/(loss) before tax	(339,959,090)	(66,972,680)	(333,964,937)	(252,487,786)
Income tax	(572,997)	28,672,020	(1,261,477)	21,153,485
Profit/(loss) for the year	(340,532,088)	(38,300,660)	(335,226,414)	(231,334,301)
Total comprehensive income/(loss) for the year	422,438,636	170,556,547	(10,808,464)	(171,782,472)

Notes to the Financial Statements

Year ended 31 March

33.3 Summarised statement of financial position

As at 31 March	2022		2021	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
Current assets	98,495,489	112,414,538	74,092,348	37,479,048
Non-current assets	5,024,326,896	6,328,306,441	4,312,197,234	6,151,454,640
Current liabilities	(431,034,273)	(611,782,894)	(478,932,776)	(558,783,233)
Non-current liabilities	(2,145,950,074)	(1,000,853,453)	(1,783,957,404)	(972,622,370)
Total equity	2,545,838,038	4,828,084,632	2,123,399,402	4,657,528,085

33.4 Summarised cash flow information

Year ended 31 March	2022		2021	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
Operating	(14,737,010)	(22,982,550)	(35,642,554)	(102,838,081)
Investing	(21,101,057)	148,848,853	(730,797)	153,928,022
Financing	81,102,958	(101,964,057)	37,135,175	(55,628,092)
Net increase / (decrease) in cash and cash equivalents	45,264,891	23,902,246	761,824	(4,539,048)

The above information is based on amounts before inter-company eliminations.

34. RELATED PARTY DISCLOSURES

Refer Note 2.2.1 and 2.2.2 for effective equity holding percentages and other key information's of Group entities.

34.1 Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

Outstanding balances at the year-end are unsecured and interest is charge at 10% (2020/2021 : 10%) for George Steuart & Co. Ltd, and other related party balances are subject to an interest at AWPLR [six (06) months].

The details of guarantees provided to the banks on behalf of related parties are disclosed in Note 35.2.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.3.2 (a) and 9.3.2 (b) are on page 21 - Annual Report of the Board of Directors on the Affairs of the Company.

34. RELATED PARTY DISCLOSURES (Contd.)**34.2 Transaction with the parent and related entities – Group**

Details of significant related party disclosures are as follows:

Nature of transactions	Parent Company		Affiliate entities*		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 1 April	(326,075,944)	(259,777,051)	8,890,657	11,892,060	(317,185,284)	(247,884,990)
Recurrent transactions						
Fund transfer from	(110,000,000)	(27,500,000)	-	(7,000,000)	(110,000,000)	(34,500,000)
Expenses incurred on behalf of the Company	-	-	(2,962,807)	-	(2,962,807)	-
Expenses incurred on behalf of the related party	-	-	1,316,578	4,268,918	1,316,578	4,268,918
Inter-company interest expense	(22,457,397)	(18,204,001)	-	(46,027)	(22,457,397)	(18,250,028)
Other settlements made	-	-	19,846,196	22,987,086	19,846,196	22,987,086
Settlement payments received for expenses incurred on behalf of the related party	-	-	-	(6,823,590)	-	(6,823,590)
Building lease payable	(82,296,000)	(75,438,000)	-	-	(82,296,000)	(75,438,000)
Settlement of building leases	54,864,000	54,864,000	-	-	54,864,000	54,864,000
Trading nature transactions (sales)	-	151,362	13,093,696	2,984,817	13,093,696	3,136,179
Settlements for trading nature transactions (sales receipts)	-	(172,254)	(10,313,936)	(2,971,396)	(10,313,936)	(3,143,650)
Purchase of goods/ services	-	-	(24,047,350)	(16,401,208)	(24,047,350)	(16,401,208)
As at 31 March	(485,965,340)	(326,075,943)	5,823,034	8,890,657	(480,142,306)	(317,185,285)
Included in						
Trade and other receivables – current (Note 22.3)	-	-	17,881,091	14,279,385	17,881,091	14,279,385
Trade and other payable – current (Note 31.1)	(485,965,340)	(326,075,943)	(12,058,057)	(5,388,728)	(498,023,397)	(331,464,670)
	(485,965,340)	(326,075,943)	5,823,034	8,890,657	(480,142,306)	(317,185,285)

* Affiliate Companies include: Triad (Pvt) Limited, Divasa Equity (Pvt) Ltd, George Steuart Consumer (Pvt) Ltd, George Steuart Solutions (Pvt) Ltd, Power House Limited, Adpack Productions (Pvt) Ltd, Emagewise (Pvt) Ltd, George Steuart Capital (Pvt) Ltd, George Steuart Travels (Pvt) Ltd, Printage (Pvt) Ltd, Triad Digital (pvt) Ltd, George Steuart Health (Pvt) Ltd, George Steuart Investment (Pvt) Ltd, Hard Talk (Pvt) Ltd, Liberty Publishers (Pvt) Ltd, Hammer BTL (Pvt) Ltd, HVA Food PLC and Colombo Land & Development Company PLC.

Notes to the Financial Statements

Year ended 31 March

34 34.3 RELATED PARTY DISCLOSURES (Contd.) Transaction with the parent, subsidiaries and related entities - Company

Nature of Transaction	Parent Company		Subsidiaries		Affiliate entities*		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 1 April	(281,785,943)	(236,081,942)	174,501,532	189,467,035	5,262,249	8,122,614	(102,022,161)	(38,492,293)
Recurrent transactions								
Fund transfer from								
Fund transfer to	(110,000,000)	(27,500,000)	-	(17,000,000)	-	(7,000,000)	(110,000,000)	(51,500,000)
Expenses incurred on behalf of the Company	-	-	133,350,000	87,937,553	-	-	133,350,000	87,937,553
Expenses incurred on behalf of the related parties	-	-	(148,167)	(5,224,334)	-	-	(148,167)	(5,224,334)
Inter-company interest income	-	-	18,772,969	18,878,917	814,233	4,265,926	19,587,201	23,144,843
Inter-company interest expense	-	-	(14,889,022)	(14,967,055)	-	-	(14,889,022)	(14,967,055)
Interest and other settlements made	(22,457,397)	(18,204,001)	(898,454)	(1,289,237)	-	(46,027)	(23,355,851)	(19,539,265)
Funds received for interest, management fees, and other settlements	-	-	2,171,108	18,309,671	3,277,672	9,198,905	5,448,780	27,508,576
Management fees	-	-	(25,453,053)	14,846,909	-	-	(25,453,053)	14,846,909
Collection made by the Company on behalf of others	-	-	(7,446,851)	-	-	-	(7,446,851)	-
Goods/ Service obtained	-	-	-	-	(3,084,098)	(2,455,578)	(3,084,098)	(2,455,578)
Non-recurrent transactions								
Non-refundable deposit paid on behalf of the related parties	-	-	-	1,170,000	-	-	-	1,170,000
Refundable deposit paid on behalf of the related parties	-	-	(1,170,000)	(1,170,000)	-	-	-	(1,170,000)
As at 31 March	(414,243,340)	(281,785,943)	232,681,913	174,501,534	6,270,056	5,262,249	(175,291,371)	(102,022,160)
Included in								
Trade and other receivables - non current (Note 22.3)	-	-	235,403,172	176,638,870	-	-	235,403,172	176,638,870
Trade and other receivables - current (Note 22.3)	-	-	13,512,188	13,307,656	6,370,056	5,562,249	19,882,244	18,869,905
Trade and other payable - non current (Note 31.1)	-	-	(14,717,800)	(13,980,302)	-	-	(14,717,800)	(13,980,302)
Trade and other payable - current (Note 31.1)	(414,243,340)	(281,785,943)	(345,647)	(294,691)	(100,000)	(300,000)	(414,688,987)	(282,380,634)
Trade and other payable - Tenant Deposits (Note 31)	-	-	(1,170,000)	(1,170,000)	-	-	(1,170,000)	(1,170,000)
	(414,243,340)	(281,785,943)	232,681,913	174,501,534	6,270,056	5,262,249	(175,291,371)	(102,022,160)

* Affiliate Companies include: Tirad (Pvt) Limited, George Stewart Consumer (Pvt) Ltd, George Stewart Solutions (Pvt) Ltd, Adpack Productions (Pvt) Ltd, Emagewise (Pvt) Ltd, George Stewart Capital (Pvt) Ltd, George Stewart Travels (Pvt) Ltd, Hammer BTL (Pvt) Ltd and Pinnacle (Pvt) Ltd.

34. RELATED PARTY DISCLOSURES (Contd.)

34.4 Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company

The Board of Directors (including Executive and Non-Executive) of the Company have been classified as KMP of the Company.

KMP of the Group

The Board of Directors (including Executive and Non-Executive) of the Company and the Board of Directors of the holding company have been classified as KMP of the Group. The officers who are only Directors of subsidiaries and not of the Company have been classified as KMP for that subsidiary.

34.4.1 Other Transactions with Key Management Personnel

Loans to Directors

No loans have been granted to the Directors of the Company/ Group

Key Management Personnel Compensation

The details of compensation are given in note 09 to the Financial Statements.

Other Transactions with Key Management Personnel

Details of Directors and their spouses' shareholdings are given in the Annual Report of the Directors' on the Affairs of the Company on page 18.

Notes to the Financial Statements

Year ended 31 March

35. COMMITMENTS AND CONTINGENCIES

35.1 Commitments

(a) Capital Commitments

The Company and Group do not have significant capital commitments as at the reporting date.

(b) Operating Lease Commitments

The future aggregate minimum lease payments under non cancellable operating leases are as follows:

As at 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Not later than 1 year	5,054,400	17,754,400	5,054,400	5,054,400
Later than 1 year and no later than 5 years	14,320,800	19,375,200	14,320,800	19,375,200
	19,375,200	37,129,600	19,375,200	24,429,600

35.2 Contingent Liabilities

Citrus Leisure PLC has provided Corporate Guarantees of Rs.623 Mn to Hatton National Bank PLC and Rs. 50 Mn to Nations Trust Bank PLC, on behalf of its subsidiary companies of Hikkaduwa Beach Resort PLC and Citrus Silver Limited. Based on the information currently available, the directors do not expect a liability to arise from these Guarantees.

There are no other material contingent liabilities as at the reporting date, which require adjustment or disclosure in the Financial Statements.

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements other than the following.

Interest Rate

The Monetary Board of the Central Bank of Sri Lanka, at its meeting held on 08 April 2022, decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 700 basis points to 13.50 per cent and 14.50 per cent, respectively, effective from the close of business on 08 April 2022. The policy response was made by the Central Bank of Sri Lanka after the reporting period and consequently, no adjustments were necessary to the amounts recognized in the financial statements. Given the continuing volatility of interest rate movement that resulted as a consequence, the Company is not able to make an estimate of its financial effect with acceptable precision.

36 EVENTS OCCURRING AFTER THE REPORTING PERIOD (Contd.)

Foreign Currency Exchange Rates

In March 2022, the Central Bank of Sri Lanka abandoned the temporary peg on US Dollar / LK Rupee (USD / LKR) Exchange Rate. The resulting impact of exchange rate movement during the period have been adjusted to these financial statements. The USD / LKR exchange rate continued to substantively increase subsequent to the period end. However, no adjustments to these financial statements were necessary, as such large increases arose only after the period end. Given the continuing volatility of USD/ LKR movement, the Company is not able to make an estimate of its financial effect with acceptable precision.

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

37.1 Overview

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

- Market risk
- Liquidity risk
- Credit risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

37.2 Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit committee in managing all risks affecting the Group. The Group audit committee is assisted in its oversight role by Group's internal audit. Internal audit undertakes both regular reviews of risk management controls and procedures the results of which is reported to the audit committee. The Group finance department of the holding Company also implement and carries out specific risk management policies laid down and approved by the management. The Group finance division in close co-corporation with the Group's operating units identifies, evaluates and formulates principles for risk management covering specific areas such as foreign exchange risk and interest rate risk.

The Board of directors reviews and agrees policies for managing each of these risks which are summarized below.

37.3 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. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank overdrafts, debt and equity investments and investments designated under fair value through profit or loss.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 2022.

Notes to the Financial Statements

Year ended 31 March

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

37.3.1 Interest rate risk

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

Interest rate sensitivity

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

		Change in Profit before tax	
		2022 Rs.	2021 Rs.
Change in basis point	+50 (0.5%)	(15,887,298)	(14,123,021)
Change in basis point	-50 (-0.5%)	15,887,298	14,123,021
Change in basis point	+500 (5%)	(431,146,632)	(141,230,213)
Change in basis point	-500 (-5%)	158,872,982	141,230,213
Change in basis point	+1000 (10%)	(317,745,964)	(282,460,427)
Change in basis point	-1000 (-10%)	317,745,964	282,460,427

37.3.2 Foreign exchange risk

The Group being involved in hoteliering operates and is exposed to foreign exchange risk arising from various currency exposures primarily with respect of the US dollar and Euro. Certain room contracts are entered into in foreign currencies and invoiced in Rs. using the conversion rates established by the industry.

The Group's exposure to foreign currency risk as at 31 March 2021 and 2022, and sensitivity analysis to profit & loss and equity if exchange rate increased / (decrease) by 5%.

		Change in Profit before tax	
		2022	2021
		Rs.	Rs.
Change in exchange rate (USD)	+5%	193,897	18,540
Change in exchange rate (USD)	-5%	(193,897)	(18,540)
Change in exchange rate (USD)	+25%	969,486	92,701
Change in exchange rate (USD)	-25%	(969,486)	(92,701)
Change in exchange rate (Euro)	+5%	292,974	89,577
Change in exchange rate (Euro)	-5%	(292,974)	(89,577)
Change in exchange rate (Euro)	+25%	1,464,868	447,883
Change in exchange rate (Euro)	-25%	(1,464,868)	(447,883)

Foreign currency exchange rates

The exchange rates used for translations as at the reporting date are as follows:

As At	31.03.2022	31.03.2021
United States Dollar (USD)	288.74	197.62
Euro	325.72	229.87

Notes to the Financial Statements

Year ended 31 March

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

37.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as so far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and difficult conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group continuously prepare and monitors rolling cash flow forecasts and access the liquidity requirements of each operating unit to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets. At the reporting date, the Group held term deposits that are expected to readily generate cash inflows for managing liquidity risk of liabilities as at the reporting date.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
As at 31 March 2022					
Financial liabilities					
Interest bearing loans and borrowings	408,309,844	547,090,150	1,672,216,528	958,152,959	3,585,769,481
Lease liabilities	-	85,357,098	179,420,800	-	264,777,898
Trade and other payables	-	961,898,525	-	-	961,898,525
	408,309,844	1,594,345,773	1,851,637,328	958,152,959	4,812,445,904

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
As at 31 March 2021					
Financial liabilities					
Interest bearing loans and borrowings	432,804,329	311,388,109	1,419,415,902	1,097,904,542	3,261,512,882
Lease liabilities	-	105,542,400	260,675,200	-	366,217,600
Trade and other payables	-	810,183,004	-	-	810,183,004
	432,804,329	1,227,113,513	1,680,091,102	1,097,904,542	4,437,913,486

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**Maturity analysis - Company**

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
As at 31 March 2022					
Financial liabilities					
Interest bearing loans and borrowings	11,895,952	-	-	-	11,895,952
Lease liabilities	-	4,102,698	8,677,929	-	12,780,627
Trade and other payables	-	437,013,350	14,717,800	-	451,731,149
	11,895,952	441,116,048	23,395,729	-	476,407,728

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
As at 31 March 2021					
Financial liabilities					
Interest bearing loans and borrowings	14,306,866	-	-	-	14,306,866
Lease liabilities	-	21,337,968	-	-	21,337,968
Trade and other payables	-	305,836,121	15,150,302	-	320,986,423
	14,306,866	327,174,089	15,150,302	-	356,631,257

Notes to the Financial Statements

Year ended 31 March

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

37.5 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Group's maximum exposure to credit risk at the reporting date were as follows;

	2022 Rs.	2021 Rs.
Trade and other receivables	127,573,722	78,025,575
Investments in bank deposits	58,811,374	56,919,564
Cash at bank	55,201,618	8,574,505
	241,586,714	143,519,644

Trade and other receivables

The maximum exposure to the credit risk of the trade and other receivables in the statement of financial position as at 31 March 2021 and 2022 is the carrying amounts as disclosed in Note 22.

The maximum exposure to credit risk for trade and other receivables at the reporting date by the type of counter parties are as follows:

	2022 Rs.	2021 Rs.
Individual debtors	15,365,781	12,052,113
Corporate debtors	91,002,328	44,087,149
	106,368,109	56,139,262

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. For these receivables the estimated impairment losses (if any) are recognized in a separate provision for impairment. Details of trade receivables aging and provision is provided in Note 22.1 to the financial statements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

37.5 Credit risk

Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 116.6 mn at 31 March 2022 (2021 - Rs. 67.8 mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows;

Sampath Bank PLC – AA-(lka)

Commercial Bank of Ceylon PLC – AA+(lka)

Hatton National Bank PLC– AA+(lka)

People's Bank – AA+(lka)

Pan Asia Banking Corporation PLC Bank– BBB-(lka)

National Development Bank PLC - A+(lka)

Bank of Ceylon - AA+ (lka)

Nations Trust Bank PLC - A(lka)

Union Bank of Colombo PLC - BBB-(lka)

38. CAPITAL MANAGEMENT

The Groups objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of the capital.

The capital of the Company consist of the following:

Equity capital

- Ordinary share capital

Debt

- Long term bank borrowings
- Long term related party borrowings

The Group monitors capital on the basis of the debt equity ratio. This ratio is calculated based on the long term interest bearing debt and divided by total equity capital.

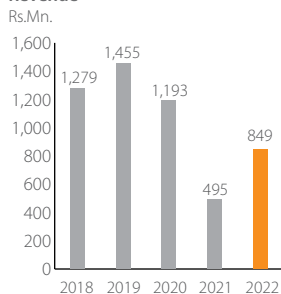
1. Maintain sufficient capital to meet minimum regulatory requirements. (Companies Act).
2. Group's future developments, investments and business strategies.

The Gearing ratio of the Group is 74% (2021 - 60%) and the Company is 0.46% (2021 - 0.46%). The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions, and continues looking for ways of improving its capital structure in order to support the Group's Business strategies.

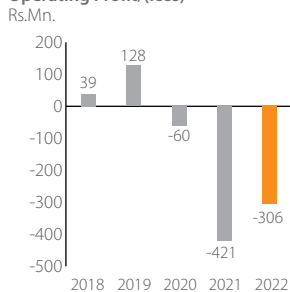
Five Year Summary

Year ended 31 March	2022 Rs. 000	2021 Rs. 000	2020 Rs. 000	2019 Rs. 000	2018 Rs. 000
TRADING RESULTS					
Revenue	848,527	494,930	1,193,500	1,454,625	1,278,950
Operating profit/(loss)	(311,378)	(403,576,880)	(60,042)	127,990	38,923
Profit/(loss) before tax	(592,052)	(746,927)	(429,968)	(302,872)	(47,014)
Tax (expense)/reversal	30,229	31,619	6,829	6,881	(84,796)
Profit/(loss) after tax	(561,822)	(715,308)	(423,139)	(295,991)	(131,810)
Profit/(loss) attributable to owners of the parent	(459,299)	(604,345)	(365,870)	(237,497)	(153,785)
Non-controlling interest	(102,524)	(110,963)	(57,269)	(58,494)	21,975
Funds employed					
Stated capital	3,256,173	3,256,173	3,256,173	2,403,276	2,403,276
Capital reserves	1,581,654	948,332	706,664	709,775	704,488
Revenue reserves	(1,428,454)	(1,076,657)	(561,897)	(668,104)	(429,203)
Equity attributable to owners of the Company	3,409,373	3,127,848	3,400,940	2,444,947	2,678,561
Non-controlling interests	1,334,399	1,044,602	926,093	1,458,644	1,515,659
Borrowings	2,785,539	2,517,320	2,620,282	2,911,317	1,748,185
Assets Employed					
Non-current assets	9,625,517	8,592,905	8,284,289	7,823,692	8,143,153
Current assets	329,471	214,143	292,901	581,501	709,488
Current liability of borrowings	961,899	810,183	439,929	696,421	1,714,008
Capital employed	7,529,311	6,689,771	6,947,314	6,814,908	5,942,404
Cashflow					
Net cash inflow/(outflow) from operating activities	63,533	(154,516)	101,351	(391,396)	(187,156)
Net cash inflow/(outflow) from investing activities	100,362	132,065	(93,092)	192,301	(33,542)
Net cash inflow/(outflow) from financing activities	(90,559)	26,905	41,213	1,021,392	53,138
Increase/(decrease) in cash and cash equivalents	73,335	4,455	49,471	822,297	(167,559)
Key Indicators					
Earnings/(loss) per Share - Basic (Rs.)	(1.72)	(2.26)	(1.47)	(2.46)	(1.59)
Dividend per share (Rs.)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Net assets value per share (Rs.)	12.76	11.70	12.73	25.30	27.71
Market price per share (Rs.)	5.80	8.30	5.80	4.20	7.50
Return on capital employed (%)	-4.1%	-6.3%	-0.9%	1.9%	0.7%
Current ratio (times)	0.17	0.13	0.25	0.42	0.26
Debt to equity ratio (times)	0.59	0.60	0.61	0.75	0.42

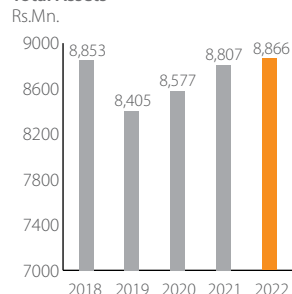
Revenue



Operating Profit/(loss)

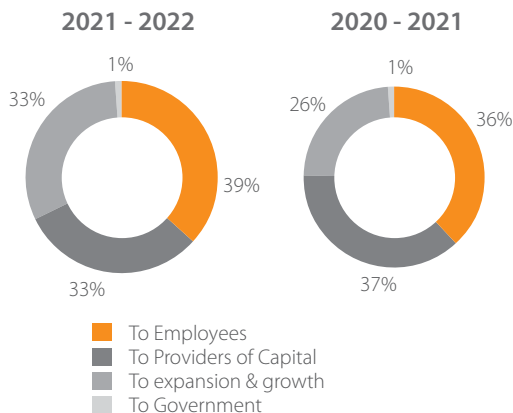


Total Assets



Statement of Value Added

	2021/2022		2020/2021	
	(Rs.)		Rs.	
Turnover	943,497,985		549,447,994	
Other income	114,853,317		41,011,953	
	1,058,351,301		590,459,947	
Less: Cost of material & services bought in	(637,731,940)		(349,289,987)	
	420,619,362		241,169,961	
Value allocated to employees				
Salaries & wages and other benefits	374,105,993	39%	364,666,939	36%
To Government				
VAT, income tax, and other taxes	10,269,900	1%	8,100,494	1%
To providers of capital				
Loan Interest	311,377,555	33%	365,583,659	37%
To expansion & growth				
Impairment, depreciation and Retained in business	255,870,766	27%	252,841,308	26%
	951,624,214	100%	991,192,400	100%



Share Information

Ordinary shareholders

There were 3,900 registered shareholders as at 31 March 2022, distributed as follows.

From	To	No of Holders	No of Shares	%
1	1,000	2,322	641,027	0.24
1,001	10,000	1073	4,075,503	1.53
10,001	100,000	425	13,927,995	5.21
100,001	1,000,000	71	15,175,989	5.68
Over 1,000,000		9	233,409,209	87.34
Total		3,900	267,229,723	100

Analysis of shareholders

Categories of shareholders	No of Holders	No of Shares	%
Local Individuals	3,698	27,814,985	10.41
Local Institutions	184	239,123,785	89.48
Foreign Individuals	16	25,553	0.01
Foreign Institutions	2	265,400	0.10
Total	3,900	267,229,723	100

The percentage of issued shares held by the public as at 31 March 2022 was 20.078% (As at 31 March 2021 was 13.929%) and the number of shareholders was 3,883 (As at 31 March 2021 was 3,148).

The Float Adjusted Market Capitalisation of the Company as at 31 March 2022 is Rs. 311,191,732.60/- and the Company falls under Option 5 of Rule 7.14.1 (a) of the Listing Rules of the CSE. On 17th September 2021 and 23rd September 2021, Divasa Equity (Pvt) divested a total of 16,425,760 shares out of its 26,316,246 shares held in the capital of the Company, consequent to which the shareholding of Divasa Equity (Pvt) Ltd PLC dropped from 9.85% to 3.70%. Accordingly, the public holding percentage which was 13.93% has increased to 20.07% on completion of the sale of shares by Divasa Equity (Pvt) Ltd, thereby meeting the public holding percentage to be listed on the Main Board of the Colombo Stock Exchange and the CSE transferred back company's Securities from the Second board to the main board on 07th October 2021.

Share Prices for the year

Market price per share	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Highest during the year	11.80 (01.10.2021)	12.50 (07.08.2020)
Lowest during the year	5.50 (31.03.2022)	4.80 (12.05.2020)
As at end of the year	5.80	8.30

20 Major Shareholders of the Company

Name	No of Shares as at 31.03.2022	(%)	No of Shares as at 31.03.2021	(%)
1 George Steuart & Company Limited	200,859,199	75.16	200,859,199	75.16
2 Pan Asia Banking Corporation PLC / Divasa Equity (Pvt) Ltd	7,870,036			
Divasa Equity (Pvt) Ltd 2,003,930	9,890,486	3.70	26,316,246	9.85
Seylan Bank PLC/ Divasa Equity (Pvt) Ltd 16,520				
3 Vallibel One PLC	8,377,563	3.13	8,377,563	3.13
4 Lotus Technologies (Pvt) Ltd	7,063,819	2.64	7,063,819	2.64
5 Royal Ceramics Lanka PLC	2,768,276	1.04	2,768,276	1.04
6 Mr. H A K N Priyadharshana	1,750,000	0.65	1,316,300	0.49
7 Corona T Stores (Pvt) Ltd	1,585,331	0.59	1,585,331	0.59
8 Seylan Bank PLC / Mr. Jayantha Dewage	1,131,055	0.42	1,131,055	0.42
9 Mr. D K A K Weerathunga	900,000	0.34	Nil	Nil
10 Mr. T. G. Thoradeniya	732,310	0.27	732,310	0.27
11 Hatton National Bank PLC/ Mr. Palaniyandy Muralitharan	599,886	0.22	Nil	Nil
12 People's Merchant Finance PLC/H D D Gayan	498,827	0.19	Nil	Nil
13 Mrs. K M Goonewardene	486,519	0.18	486,519	0.18
14 Merchant Bank of Sri Lanka & Finance PLC/ Mr. H M C B Mawilmada	389,331	0.15	Nil	Nil
15 Admiral W K J Karannagoda	373,824	0.14	373,824	0.14
16 Mrs. H M A R K Kaluhendiwela	303,891	0.11	Nil	Nil
17 Mr. R Udalagama	297,367	0.11	297,367	0.11
18 Mr. S Srikanth	296,601	0.11	296,601	0.11
19 Hatton National Bank PLC/ Mr. Madhura Supun Hiripitiya	284,572	0.11	234,192	0.09
20 Mr. P Sangeeven	274,922	0.10	Nil	Nil
	238,863,779	89.39	51,104,413	19.12
Others	28,365,944	10.61	216,125,310	80.88
Total	267,229,723	100	267,229,723	100

Directors' and CEO's Shareholding

Director Name	As at 31.03.2022		As at 31.03.2021	
	No of shares	%	No of shares	%
1 Mr. E. P. A. Cooray	42,200	0.016	42,200	0.016
2 Mr. D.S. Jayaweera	30,240	0.01	30,240	0.01
3 Ms.V. S. F. Amunugama	30,240	0.01	30,240	0.01
4 Mr. J. M. B. Pilimalawwe	Nil	Nil	Nil	Nil
5 Mr. S. D. De Mel	100,000	0.04	100,000	0.04
6 Mr. S.A. Ameresekere	Nil	Nil	Nil	Nil
7 Mr. P.V. S. Premawardhane	Nil	Nil	Nil	Nil
8 <u>Mr. Rajinda G Seneviratne - Share held in the following manner</u>				
Seylan Bank PLC / Mr. Rajinda G Seneviratne	248,665	} 0.095	248,665	} 0.10
Mr. Rajinda G Seneviratne & Mrs Amitha Seneviratne	Nil			
Ms Keshini K K Goonathileke Seneviratne & Mr Rajinda G Seneviratne	5900			
9 Mr. P. C. B. Talwatte (CEO)	Nil	Nil	Nil	Nil

* The fractional shares of 14 issued jointly in the names of E. P. A. Cooray and D. S. Jayaweera

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fortieth (40th) Annual General Meeting of Citrus Leisure PLC will be held on 26th September 2022 at 11.15 am at Sri Lanka Foundation Institute, Lecture Hall No. 03, No. 100, Sri Lanka Padanama Mawatha, Independence Square, Colombo 07 for the following purposes;

1. Ordinary Business

- 1.1 To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Financial Statements for the year ended 31 March 2022 and the Report of the Auditors thereon.
- 1.2 To pass the ordinary resolution set out below to re-appoint Mr. E P A Cooray who attained the age of 74 years, as a Director of the Company;
 “IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. E P A Cooray who attained the age of 74 years and that he be and is hereby re-appointed a Director of the Company.”
- 1.3 To re-elect Mr. D S Jayaweera as a Director who retires by rotation in terms of Article 84 of the Articles of Association of the Company.
- 1.4 To re-elect Mr. J M B Pilimathalawwe as a Director who retires by rotation in terms of Article 84 of the Articles of Association of the Company.
- 1.5 To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants, as the Company’s Auditors and to authorize the Directors to determine their remuneration.
- 1.6 To authorize the Directors to determine donations for the year ending 31 March 2023 and up to the date of the next Annual General Meeting.

2. Special Business

- 2.1 To consider and if thought fit, to pass the following resolution as a Special Resolution :
 “IT IS HEREBY RESOLVED to amend the Articles of Association of the Company, by the inclusion of the following Article as Article 51 immediately after the existing Article 50 under the heading “Method of Holding Meetings” and to renumber the existing Articles 51 to 156 as Articles 52 to 157.

METHODS OF HOLDING GENERAL MEETINGS

51. (1) A meeting of shareholders may be held either—
 - (i) by a number of shareholders who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; (hereinafter sometimes referred to as the physical General meeting); or
 - (ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting, (hereinafter sometimes referred to as Electronic General Meeting); or
 - (iii) by a General Meeting held both physically and electronically (called Hybrid General Meetings); or
 - (iv) by means of a resolution in writing signed by not less than Eighty-Five percent (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who

Notice of Annual General Meeting

together hold not less than Eighty-Five percent (85%) of the votes entitled to be cast on that resolution, shall be valid as if it had been passed at a General Meeting of those Shareholders.

- (2) The Board shall determine whether a General Meeting is to be held as a physical General Meeting as referred to in 51. (1)(i) or held as an electronic General Meeting as referred to in 51. (1)(ii) or held as a Hybrid General Meetings, both physically and electronically as referred to in 51. (1)(iii) or by a Resolution in writing as referred to in 51. (1)(iv).
- (3) The Board shall specify in the notice calling the general meeting whether the meeting will be physical or electronic or hybrid or by a Resolution in writing. Such notice shall also specify the time, date, and place and/or electronic platform(s) of the General Meeting, as it is determined.
- (4)
 - (i) when conducting an Electronic General Meeting the Board shall enable persons to simultaneously attend by electronic means with no member necessarily in physical attendance at the Electronic General Meeting. The members or their proxies present shall be counted in the quorum for, and entitled to vote at, the general meeting in question.
 - (ii) If it appears to the Chairman of the General Meeting that the electronic platform(s), facilities, or security at the Electronic General Meeting have become inadequate for the purposes referred to herein then the Chairman may, without the consent of the meeting, interrupt to resolve such inadequacy where possible or adjourn the General Meeting. All business conducted at that General Meeting up to the time of that adjournment shall be valid and the provisions of Article 54 shall apply to that adjournment.
 - (iii) In relation to an Electronic General Meeting, the right of a member to participate in the business of any General Meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy, and have access (including electronic access) to all documents which are required by the Act or these Articles to be made available for/at the meeting.

By order of the Board

Citrus Leisure PLC



P W Corporate Secretarial (Pvt) Ltd

Secretaries

31 August 2022

Colombo

Notes

1. A Shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/hers.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose

Form of Proxy

I/We*.....
 (NIC/Passport/Co. Reg. No.) of.....
 being a shareholder / shareholders of CITRUS LEISURE PLC hereby
 appoint (NIC/Passport No.....)
 of..... or failing him/her*,

Mr. E P A Cooray	or failing him*
Mr. D S Jayaweera	or failing him*
Mr. R Seneviratne	or failing him*
Ms. V S F Amunugama	or failing her*
Mr. J M B Pilimatalawwe	or failing him*
Mr. S D De Mel	or failing him*
Mr. P C B Talwatte	or failing him*
Mr. P V S Premawardhana	or failing him*
Mr. S A Ameresekere	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Fortieth Annual General Meeting of the Company to be held on 26th September 2022 at 11.15 am and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

1. Ordinary Business

- | | FOR | AGAINST |
|--|--------------------------|--------------------------|
| 1. To pass the ordinary resolution set out below to re-appoint Mr. E P A Cooray who is 74 years of age, as a Director of the Company; | <input type="checkbox"/> | <input type="checkbox"/> |
| "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. E P A Cooray who attained the age of 74 years and that he be and is hereby re-appointed a Director of the Company." | | |
| 2. To re-elect Mr. D S Jayaweera as a Director who retires by rotation in terms of Article 84 of the Articles of Association of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To re-elect Mr. J M B Pilimathalawwe as a Director who retires by rotation in terms of Article 84 of the Articles of Association of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants as the Company's Auditors and authorise the Directors to determine their remuneration. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. To authorize the Directors to determine donations for the year ending 31 March 2023 and up to the date of the next Annual General Meeting. | <input type="checkbox"/> | <input type="checkbox"/> |

2. Special Business

- | | | |
|---|--------------------------|--------------------------|
| 1. To consider and if thought fit to pass the Special Resolution set out under item 2.1 of the Notice of Meeting for the amendments to the Articles of Association. | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|

In witness my/our* hands this day of Two Thousand and Twenty Two.

.....
 Signature of Shareholder/s

*Please delete what is inapplicable.

Notes: 1. A proxy need not be a shareholder of the Company
 2. Instructions as to completion appear overleaf.

Form of Proxy

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 08 by 11.15 a.m. on 24th September 2022.
3. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notorially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.
5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Corporate Information

Name of Company

Citrus Leisure PLC

Director/ Chief Executive Officer

Mr. Chandana Talwatte

Legal Form

Public Quoted Company with limited liability
Incorporated in Sri Lanka.

Director Marketing

Mr. Mani Sugathapala

Company Registration No.

PQ 211

Stock Exchange Listing

The Shares of the Company are listed on the
Colombo Stock Exchange.

Registered Office

No. 56/1, Kynsey Road, Colombo 08.

Company Secretaries

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

Telephone : 0115 755 055

Fax : 0115 470 000

E-mail : direct@citrusleisure.com

Website : www.citrusleisure.com

Auditors

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

Board of Directors

Mr. E P A Cooray (Chairman)

Mr. D S Jayaweera

Ms. V S F Amunugama

Mr. S A Amersekere

Mr. P C B Talwatte

Mr. P V S Premawardhene

Mr. R Seneviratne

Mr. J M B Pilimatalawwe

Mr. S D De Mel

Bankers

Sampath Bank PLC

Pan Asia Banking Corporation PLC

Hatton National Bank PLC

Commercial Bank of Ceylon PLC

National Development Bank PLC

Nations Trust Bank PLC

Union Bank of Colombo PLC

Bank of Ceylon

People's Bank

Designed & produced by

emagewise



www.citrusleisure.com

Citrus Leisure PLC

No. 56/1, Kynsey Road, Colombo 08.

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E-mail : direct@citrusleisure.com