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Waskaduwa Beach Resort PLC

Annual Report 2023/24

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Chairman's Review

I am pleased to place before you the Annual Report and Audited Financial Statements of Waskaduwa Beach Resort PLC for the Financial Year 2023/24.

Overview

In 2023/24, the global tourism sector demonstrated a remarkable recovery over the previous financial year with a surge in international travel. Countries in Europe, North America and Asia experienced robust growth in tourist arrivals, driven by pent-up demand. The resurgence of major tourist destinations and the renewed interest in exploring new regions have been pivotal in driving this growth. Sri Lanka's tourism sector mirrored the global recovery trends with notable improvements. Sri Lanka's picturesque landscapes, rich cultural heritage and biodiversity continue to captivate visitors, positioning the country as a unique and attractive destination.

Sri Lanka's economy has shown signs of stabilization, with improvements in key economic indicators. GDP growth has resumed its upward trajectory, inflation rates have been brought under control, and foreign exchange reserves have been bolstered. The tourism sector has directly benefited from the perceived stability, with enhanced investor confidence leading to increased investments in tourism infrastructure and services. The overall improvement in tourism has greatly benefited the country, bringing in much-needed foreign currency.

Environment, Social & Governance (ESG)

At Citrus Waskaduwa, our commitment to Environmental, Social, and Governance (ESG) principles remains at the forefront of our strategic initiatives. We recognize the importance of sustainable tourism and the role it plays in preserving Sri Lanka's natural and cultural heritage. Our efforts are centered on reducing our carbon footprint, promoting eco-friendly practices, and

supporting local communities. By integrating ESG principles into our operations, we aim to create a positive impact on the environment and society while ensuring long-term business sustainability. Our dedicated initiatives, such as energy-efficient resort operations with plans to introduce solar power generation, community engagement programmes and ethical governance practices reflect our unwavering commitment to responsible tourism.

Outlook for 2024

In order to ensure sustained growth, there is a pressing need for comprehensive brand building for Sri Lanka tourism. Strategic marketing campaigns, both digital and traditional, aimed at showcasing Sri Lanka's unique attractions are essential. Collaborations with international travel influencers, participation in global tourism fairs, and targeted advertising in key markets can significantly elevate Sri Lanka's brand presence. Emphasizing our distinctive offerings, from adventure tourism and wellness retreats to heritage tours and culinary experiences which help us stand out in the competitive global tourism landscape.

More importantly the tourism authorities must proactively hold stakeholder consultations if it wants the tourism operators to buy into its policies. Instituting policies without consulting stakeholders does not encourage further investment in the sector. We are hopeful that the powers that be will consider this request seriously.

However, I must address the significant challenge of brain drain in our industry. Regional competition is intensifying, and we may soon need to bring in qualified professionals from other locations. The tourism landscape has changed, with countries like Vietnam, Cambodia and Myanmar now competing vigorously.

Chairman's Review

It is crucial to establish a consistent policy that spans 10-15 years despite frequent changes in ministerial leadership and policies. A lack of continuity and stakeholder consultation in decision-making is detrimental to our industry. The government's approach often appears to lack direction, with frequent policy reversals and inconsistent visa regulations. Attracting higher-value tourists and investors requires portraying Sri Lanka as more than a budget destination. While backpackers are essential, we must also focus on niche products and high-end tourism, as highlighted by the President's emphasis on water-based tourism. Despite multiple attempts to implement a regulatory framework for water-based tourism over the past 30 years, tangible progress has been elusive.

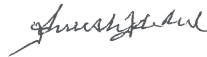
Looking ahead, the outlook for Sri Lanka's tourism industry in 2024 is highly promising. Sri Lanka was named among the top three must-visit destinations for summer '24 by Forbes, alongside Greece and Mauritius. It is also listed amongst the Top 11 Best Places to visit in Asia in 2024 by Conde Nast Traveler.

The global economic recovery is expected to further boost tourist arrivals. Sri Lanka's strategic focus should be on enhancing the overall visitor experience through improved infrastructure, sustainable tourism practices, and enriched cultural offerings. With these concerted efforts and strategic initiatives, we are confident that Sri Lanka will not only regain its position as a preferred travel destination but also achieve new milestones in tourism development.

The collective commitment of all stakeholders will be essential in driving sustainable growth and ensuring that Sri Lanka continues to thrive as a top choice for travelers from around the world.

Appreciation

I would like to express my sincere appreciation to my fellow Directors for their steadfast support during this challenging year. The CEO and the entire team have been instrumental in guiding the company through the economic crisis and achieving new successes. On behalf of the Board, I extend my thanks to all our shareholders, guests, and stakeholders for their ongoing trust and support. I am optimistic about a stronger and more vibrant tourism industry in the coming year.



S D De Mel
Chairman

30 August 2024
Colombo

CEO's Review

It is my pleasure to share an overview of our Company, Waskaduwa Beach Resort PLC's performance during the financial year ended 31st March 2024. This period has been marked by significant achievements, growth and challenges, which we navigated successfully as a team.

Tourism Industry Review

Sri Lanka's tourism industry surpassed over US\$ 2 billion in earnings in 2023, with the arrival of over 1.48 million visitors during the year. The performance of the tourism industry in 2023 marks a significant milestone by registering the highest revenue and influx of visitors to Sri Lanka since 2019. The industry exhibited a robust comeback after a three-year hiatus marked by setbacks such as the Easter Sunday terror attacks in 2019, the COVID pandemic in 2020-2021 and the political turmoil and economic crisis in 2022. The latest data from the Central Bank of Sri Lanka reveals an impressive 82% surge in tourism earnings compared to the previous year. In December 2023, earnings reached US\$ 269.3 million, witnessing a substantial 111.4% year-on-year increase. In December 2023, there was a significant uptick in visitors to Sri Lanka, with India, Russia, the United Kingdom, Germany and Australia standing out as the key source markets. These countries played a crucial role in propelling the growth in tourist arrivals, contributing significantly to the overall rejuvenation of Sri Lanka's tourism industry.

Performance Review

The Company delivered a robust financial performance during the season and also considering the slow progress during the off-season due to wider economic instability Citrus Waskaduwa was able to record the highest revenue of Rs. 1,091 Mn, which is a 46% growth over the previous year. Citrus Waskaduwa reported occupancy levels of 63%.

The rise in food, fuel and energy costs, which have been increasing throughout the year, and the hike in Value-Added Tax (VAT) placed an additional financial burden, which was passed on to customers through room tariffs.

Despite the burdens of increased taxes, energy and food cost escalation, and other expenses, we maintained our commitment to environmental and social responsibility, ensuring compliance with all governance standards, including ISO 14000. We are committed to continuously improving opportunities for environmental sustainability and social responsibility, including initiatives such as beach cleanups and providing training and employment opportunities for local communities.

Considering that December 2023 was the best performing month in 2023, Waskaduwa Beach Resort PLC too experienced favourable conditions in the winter season, resulting in higher occupancy. Strong demand from Russian and European markets led to healthy margins and record occupancies. We exceeded our plans and expectations during the winter period, successfully controlling our costs and achieving positive financial results. Soft refurbishments were carried out in all resort properties to meet required standards.

As we look forward to a strong winter season and the continued growth of global tourism, we are prepared to respond to these opportunities and further enhance Sri Lanka's image as a premier travel destination. We anticipate marketing efforts will be fast-tracked this year, focusing on different markets such as Europe, China and India. This is especially crucial for the upcoming winter season, where the European market will be key.

CEO's Review

Last year's off-season, from April to October, was challenging due to economic burdens and limited air connectivity. Despite individual marketing efforts by the private sector, significant challenges remained, including high energy costs, increased food prices and transport issues. These factors often forced us to sell at minimal margins to encourage tourism during the off-season.

Looking ahead, we forecast a promising winter season with increasing tourism from European, Indian and East Asian markets. This should lead to year-round healthy occupancies and revenues, mitigating the challenges during the off-season. The stability we have achieved and the positive prospects for Sri Lanka's image are encouraging as global tourism grows and we are well-positioned to respond to this growth.

Talent Migration

The migration of talent has been a significant issue for Sri Lanka, impacting various sectors, with several factors contributing to this issue, such as the lack of economic opportunities, political instability, eroded quality of life and an uncertain work environment. However, a shortage of skilled professionals can lead to a decline in service standards, affecting the overall tourist experience and the reputation of Sri Lanka as a tourism destination. The tourism and leisure sector is a significant contributor to Sri Lanka's economy and talent migration can lead to reduced revenues and slower growth in the sector. Strategies to mitigate these issues should include improving local opportunities by enhancing career prospects and working conditions within the leisure sector, and also looking at the possibility of having better salaries, professional development programmes and career advancement opportunities.

Community Engagement

The Citrus Waskaduwa engages closely with surrounding communities. As part of our Corporate Social Responsibility (CSR), we encourage the development of businesses that can provide services and products to tourists, for example, organizing cultural festivals and events that highlight local traditions, music, dance and crafts. These events can attract tourists and provide a platform for local artists and performers. Community engagement in the leisure sector not only enhances the tourist experience but also ensures that tourism development is inclusive, sustainable and beneficial for the local population. Every year, as a Group we focus on promoting local attractions, events and experiences through collaborative marketing efforts that involve local communities, which can increase tourists lured by authentic and unique experiences. Furthermore, we also offer education and training programmes to local community members to improve skills in hospitality, management and tourist services to enhance employability and ensure high quality service standards.

Way Forward

Looking ahead to 2024, Sri Lanka Tourism has set ambitious targets, aiming to welcome 2.5 million tourists and earn US\$ 4.6 billion. Furthermore, the long-term strategy envisions increasing arrivals to five million and generating an impressive US\$ 21.6 billion within five years. As part of this strategy, the focus is on welcoming high-end tourists, with plans to lift the average spending per visitor to US\$ 4,000.

The Citrus Waskaduwa remains upbeat and positive about a strong tourism recovery and we have already lined up exciting projects which we hope to share in the coming months.

The Company is also strengthening its presence in online booking engines while working with key tour operators in source markets. We are receiving strong enquiries for the winter season starting from November - from traditional European markets.

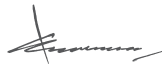
We are also hopeful that with the improvement in market conditions, we will be able to raise our tariffs to earn higher margins by attracting the upper-middle to the high-end tourist segment. We also need to look into the possibility of enhancing infrastructure and connectivity and also offering diversifying tourism in terms of cultural, eco, adventure and wellness tourism.

Sri Lanka should prioritize smart technology by implementing smart tourism solutions such as digital ticketing, virtual tours and artificial intelligence (AI) powered customer service to enhance the visitor experience.

The political leadership has also urged the industry to target high-end tourists and we hope this comes to fruition. With global tourism forging ahead, the launch of targeted marketing campaigns to promote Sri Lanka as a safe, attractive and diverse tourist destination will be timely. This should be augmented with utilizing social media, travel blogs and influencers to reach a wider audience and showcase unique experiences. Sri Lanka has a strong opportunity to corner a significant portion of global tourism, and the Citrus Group of Hotels is poised to leverage its excellent offerings to play a key role in the anticipated tourism revival.

Acknowledgments

I would like to thank the Chairman and the board for their wise counsel through challenging times. Even though the year was difficult, we remained resilient, as our employees displayed immense dedication to keep serving guests seamlessly to uphold our hallmark service levels. As a result, we ended the year on a high note, thanks to an excellent season. I am deeply grateful for the dedication and hard work contributed by our entire team, whose efforts have been pivotal in driving our success. Your unwavering commitment and innovative spirit have set the foundation for our achievements and will continue to propel us forward. I extend my sincere appreciation to our stakeholders, partners and customers for their trust and support. Your belief in our vision and mission has been instrumental in our growth and progress. Together, we have navigated challenges, seized opportunities and achieved remarkable milestones. As we move forward, I am confident that our collective strengths will continue to guide us towards greater heights.



P C B Talwatte
Chief Executive Officer

30 August 2024
Colombo

Board of Directors

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, Committee Member of the THASL and Colombo City Restaurant Collective (CCRC).

He holds directorships in four other companies : Executive Director of Hikkaduwa Beach Resort PLC and Citrus Leisure PLC and Director of Citrus Silver Ltd and Citrus LT (Pvt) Ltd.

Mr. Rajinda Seneviratne

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

Mr. Seneviratne served as the Former Managing Director of Corona T Stores Ltd. amongst his diverse group of companies. He holds expertise in accounts administration, logistics and human resources. He also plays a key role as the Chairman of the Remuneration Committee of Citrus Leisure PLC.

He holds partnerships/proprietorships in Corona T stores, Corona Ventures, Corona Tea stores and CV Private etc.

He holds directorships in three other companies : Independent Non-Executive Director of Hikkaduwa Beach Resort PLC and Citrus Leisure PLC and a Director of Citrus Aqua Limited

Mr. Suresh D. de Mel

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

Mr. de Mel has worked as an Agricultural & Environmental Engineer in 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, Tangalle and Ratnapura, producing the world's highest quality fishing flies. Mr. de Mel has been the Managing Director of Lanka Fishing Flies (Pvt) Ltd., since 1991.

Mr. de Mel also owns and operates Sportfishing Lanka – a Division of Lanka Fishing Flies, a pioneering, Professional Sportfishing, product

development and 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 sustainable agriculture and responsible tourism.

Mr. de Mel has served on the Boards of the Citrus Leisure Group of Companies since its inception in 2010. He was appointed as the Chairman of Citrus Leisure PLC with effect from 3rd May 2024. He actively serves on the Council of the Employers Federation of Ceylon, the National Peace Council and the Director Board of the Hambantota District Chamber of Commerce. He is a Founder and Past President of the Business for Peace Alliance and the Association of Small and Medium Enterprises in Tourism Sri Lanka. He is also the National Ambassador for Sri Lanka of The Global Entrepreneurship Network. He also serves on several Boards and Committees, local and global, for the development of Entrepreneurship, SMEs, Agriculture, Tourism, Responsible Business Practices and Business for Peace. He strongly believes in and practices the 'People, Planet & Profit' model for business.

Mr. de Mel also serves as the Independent Non-Executive Chairman of Hikkaduwa Beach Resort PLC and Citrus Leisure PLC, Joint Managing Director of Gamefishing Asia (Pvt) Ltd, Chairman & Managing Director of Lanka Eco Adventure Frontiers (Pvt) Ltd. He also acts as the Chairman for the following companies: Club Doonevale (Pvt) Ltd, Ecowave (Gte) Ltd, Lanka Aqua Villa's (Pvt) Ltd and Navajeevana Rehabilitation Tangalla. He is the Managing Director of Lanka Fishing Flies (Pvt) Ltd and Director of Citrus Aqua Limited and Citrus Vacations Limited.

He is also the Former Chairman of the Sri Lanka Export Development Board, and currently serves as the Senior Advisor to the State Ministry for Investment Promotion in Sri Lanka.

Mr. Sarva Ameresekere

Mr. Ameresekere is the Group Chairman of George Stuart & Co., 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 healthcare, tea exports, financial services, travel, leisure, industrial solutions and FMCG. Accordingly, Sarva 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 H V A Foods PLC.

Mr. Ameresekere also served as the Director / CEO of Triad (Pvt) Ltd, one of Sri Lanka's leading integrated communication entities up to early 2024, where he now remains as an Executive Director. The Triad Group integrates a cluster of specialized communications companies that offer its clients an unmatched holistic and synchronized communication solution.

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

He holds directorships in forty one other companies : Chairman /Executive Director of George Stuart and Company Limited, Executive Director of

Board of Directors

Colombo Land and Development Company PLC and Triad (Pvt) Ltd, Non-Executive Director of H V A Foods PLC, Hikkaduwa Beach Resort PLC and Citrus leisure PLC and Director of Adpack Productions (Pvt) Ltd, Agrispice (Private) Limited, Anantya Global Solutions Company Limited, Asia Commerce Holdings Ltd, Ceylon Grid Services (Pvt) Ltd, Citrus LT (Pvt) Ltd, Divasa Equity (Pvt) Ltd, Divasa Real Estate (Pvt) Ltd, Emagewise (Pvt) Ltd, George Steuart Ethicals (Pvt) Ltd, George Steuart Aviation (Pvt) Ltd, George Steuart Capital (Pvt) Ltd, George Steuart Consumer (Pvt) Ltd, George Steuart Education Pvt Ltd, George Steuart Holidays (Pvt) Ltd, George Steuart Industries (Pvt) Ltd, George Steuart Insurance Brokers (Pvt) Ltd, George Steuart Investment (Pvt) Ltd, George Steuart Recruitments (Pvt) Ltd, George Steuart Solutions (Pvt) Ltd, George Steuart Telecom (Pvt) Ltd, George Steuart Travels Limited, George Steuart Optimize (Pvt) Ltd, Gree Lanka (Pvt) Ltd, H V A Holdings (Pvt) Ltd, Hardtalk (Pvt) Ltd, James Steuart Pvt Limited, Kites Global (Pvt) Ltd, Liberty Developers (Pvt) Ltd, Liberty Holdings Limited, Three Fifty at Union (Pvt) Ltd, Traidhot.com (Pvt) Ltd, George Steuart Health (Pvt) Ltd, George Steuart Exports Limited and George Steuart Teas (Private) Limited.

Ms. Varuni Amunugama Fernando

Ms. Varuni Amunugama Fernando is the co-founder of Triad, the largest and most awarded Sri Lankan communication powerhouse extensively diversified to offer integrated communication solutions.

Ms. Amunugama Fernando 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. 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 Fernando 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. She also holds directorships in the following companies: Divasa Equity (Private) Limited, Hammer B T L (Private) Limited, Emagewise (Private) Limited, Hardtalk (Private) Limited, Printage (Private) Limited, Sarva intergrated (Private) Limited, Kites Global (Private) Limited, Thirty five K M (Private) Limited, Adpack Productions (Private) Limited, Hammer Digital (Private) Limited, Liberty Publishers (Private) Limited, Power House Ltd, Triadhot.com (Private) Limited, Asia Commerce Exports (Private) Limited, Thirdworld operations (Private) Limited, Divasa Holdings Limited, Hammer Engineering Limited, Imageline (Private) Limited, Manthram (Private) Limited, Asia Commerce Holdings Ltd, SPAACS (PVT) LTD and Taprobane Street (Private) Limited.

She also holds directorships in following other companies: Joint Managing Director of Triad (Pvt) Ltd, Non-Executive Director of H V A Foods PLC and Citrus Leisure PLC and Director of Adpack Productions (Private) Limited, Asia Commerce Exports (Pvt) Ltd, Asia Commerce Holdings Ltd, Citrus Aqua Limited, Citrus Silver Ltd, Citrus Vacations Limited, Derana Macroentertainment (Pvt) Ltd, Divasa Equity (Pvt) Ltd, Divasa Holdings (Pvt) Ltd, Divasa Pharma (Pvt) Ltd, Emagewise (Pvt) Ltd, Hammer BTL (Pvt) Ltd, Hammer Engineering

Ltd, Hardtalk (Pvt) Ltd, HVA Beverages (Pvt) Ltd, HVA Farms (Pvt) Ltd, HVA Fine Teas (Pvt) Ltd, HVA Holdings (Pvt) Ltd, HVA Lanka Exports (Pvt) Ltd, Imageline (Pvt) Ltd, Kites Global (Pvt) Ltd, Lake Drive Holdings (Pvt) Ltd, Liberty Publishers (Pvt) Ltd, Mantram (Pvt) Ltd, Power House Ltd, Printage (Pvt) Ltd, Sarva Integrated (Pvt) Ltd, SPAACS (Pvt) Ltd, Taprobane Street (Pvt) Ltd, Third World Operations (Pvt) Ltd, Thirty five K M (Private) Limited, Triadhot.com (Pvt) Ltd, George Steuart Ethicals (Pvt) Ltd, George Steuart and Company Limited, Manthram (Private) Limited and Hammer Digital (Private) Limited.

Mr. Lalith Withana

Mr. Lalith Withana has proficiency in the Corporate and Public Sector for over 30 years where he has held senior management positions in Banking, Manufacturing & Trading for more than 25 years.

Mr. Withana has worked with many organizations such as Brandix Group, Ernst & Young, Amsterdam Rotterdam (Amro) Bank, IBM World Trade Corporation, Carson Cumberbatch, Ceylon Tea Services Limited and Yamaha Corporation (USA). He also served as the Group Chief Finance and Administrative Officer for Sri Lankan Airlines and later as the Chief Executive Office in its subsidiary Sri Lankan Catering. Mr. Withana currently serves as a Management Consultant for Deloitte Consulting Overseas Project LLC. He is also a Vice president of the Project Management Institute USA, local chapter.

Mr. Withana currently serves as the founder and the Managing Director of Agility Consulting Services (Pvt) Ltd. and as a Board Director of Softlogic Life Insurance PLC, HNB Finance, Serendipity Leisure (Pvt) Ltd. and Commercial Development Company PLC. He had previously served as an

Independent Director on the Boards of Bank of Ceylon, Dankotuwa Porcelain PLC, Merchant Bank of Sri Lanka & Finance PLC, Ceylease Limited and Seylan Bank PLC. Mr. Withana had also been a Commissioner of the Telecommunication Regulatory Commission.

Mr. Withana holds a Master of Business Administration (MBA) Degree from the University of Sri Jayewardenepura, Colombo and a Bachelor of Arts (BA) Hons. Degree from the University of Manchester Metropolitan, UK. He is a Fellow Member of both the Chartered Institute of Management Accountants (FCMA), UK, and the Institute of Chartered Accountants of Sri Lanka (FCA). He is also a Project Management Professional of the Project Management Institute (PMI), USA.

He holds directorships in seven other companies : Founder and the Managing Director of Agility Consulting Services (Pvt) Ltd, Executive Director of Serendipity Leisure (Pvt) Ltd, Independent Non-Executive Director of Commercial Development Company PLC, Hikkaduwa Beach Resort PLC, Softlogic Life Insurance PLC and Citrus Leisure PLC and Non-Executive Director of HNB Finance PLC.

Mr. Mani Sugathapala

Mr. Mani Sugathapala has been on the leadership team of Citrus Leisure PLC since 2011. A veteran of the Sri Lankan hospitality industry, Mr. Sugathapala has nearly four decades of experience in sales, marketing and operations of hotels and resorts. Prior to joining Citrus, Mr. Sugathapala was Assistant Vice President at John Keells Holdings PLC, where he was the Head of Sales and Marketing in Sri Lanka for John Keells Hotels properties. During his stint at John Keells Hotels, he played an instrumental role in launching the Cinnamon and Chaaya brands.

Board of Directors

Mr. Sugathapala has worked extensively with key tourist markets and has been a regular attendee at renowned global travel and tourism fairs such as WTM, ITB, ATM, IFTM and Leisure Moscow. He is a member of the Chartered Institute of Marketing, UK, and has undergone training in revenue management from the Cornell University as well as the Emirates Academy of Hotel Management.

He holds directorships in two other companies : Executive Director of Hikkaduwa Beach Resort PLC and Citrus Leisure PLC.

Mr. Manoj Pilimalawwe

Mr. Manoj Pilimalawwe joined the Board of Citrus Leisure PLC in December 2010. He is currently an Executive Director of George Steuart and Company since June 2016 and several other group companies having joined the Board in September 2012 in a non-executive capacity. He currently overlooks the operations of George Steuart Solutions which specializes in building solutions.

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

Mr. Pilimalawwe holds a master's degree in information technology from Keele University in U.K., and a Bachelor of Science (Honors) 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 has over 25 years corporate experience.

He holds directorships in thirty other companies : Group Executive Director of George Steuart and Company Limited, Managing Director of George Steuart Optimize (Pvt) Ltd and George Steuart Solutions (Pvt) Ltd, Non-Executive Director of Citrus Leisure PLC and Director of Cambridge Technology Solutions (Pvt) Ltd, Ceylon Grid Services (Pvt) Ltd, Citrus Aqua Limited, Citrus LT (Pvt) Ltd, Citrus Vacations Limited, Data MT X Labs (Pvt) Ltd, George Steuart Asset Management (Pvt) Ltd, George Steuart Aviation (Pvt) Ltd, George Steuart Capital (Pvt) Ltd, George Steuart Consumer (Pvt) Ltd, George Steuart Education (Pvt) Limited, George Steuart Exports Pvt (Ltd), George Steuart Health (Pvt) Ltd, George Steuart Holidays (Pvt) Limited, George Steuart Industries (Pvt) Limited, George Steuart Insurance Brokers (Pvt) Ltd, George Steuart Investments (Pvt) Ltd, George Steuart Recruitment (Pvt) Ltd, George Steuart Sports (Pvt) Ltd, George Steuart Teas (Pvt) Ltd, George Steuart Telecom (Pvt) Ltd, George Steuart Travels Ltd, Gree Lanka (Pvt) Ltd, James Steuart (Pvt) Limited, Three Fifty at Union (Pvt) Ltd and George Steuart Maldives (Pvt) Ltd.

Management Discussion and Analysis

GLOBAL ECONOMIC PERFORMANCE

In 2023, global inflation descended from its mid-2022 peak, economic activity grew steadily, defying warnings of stagflation and global recession. Growth in employment and incomes held steady, reflecting supportive demand developments, including greater-than-expected government spending and household consumption and a supply-side expansion amid, notably, an unanticipated boost to labour force participation. The unexpected economic resilience, despite significant central bank interest rate hikes aimed at restoring price stability, also reflects the ability of households in major advanced economies to draw on substantial savings accumulated during the pandemic.

As inflation converges toward target levels and central banks pivot toward policy easing in many economies, a tightening of fiscal policies aimed at curbing high government debt, with higher taxes and lower government spending, is expected to weigh on growth. The pace of expansion is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine; weak growth in productivity; and increasing geoeconomic fragmentation. The latest forecast for global growth five years from now - at 3.1 percent - is at its lowest in decades. The pace of convergence toward higher living standards for middle and lower-income countries has slowed, implying persistence in global economic disparities.

On the downside, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict in Gaza and Israel, could, along with persistent core inflation where labour

markets are still tight, raise interest rate expectations and reduce asset prices. A divergence in disinflation speeds among major economies could also cause currency movements that put financial sectors under pressure. High interest rates could have greater cooling effects than envisaged as fixed-rate mortgages reset and households contend with high debt, causing financial stress.

Amid high government debt in many economies, a disruptive turn to tax hikes and spending cuts could weaken activity, erode confidence, and sap support for reform and spending to reduce risks from climate change. Geoeconomic fragmentation could intensify, with higher barriers to the flow of goods, capital, and people implying a supply-side slowdown. On the upside, looser fiscal policy than necessary and assumed in projections could raise economic activity in the short term, although risking more costly policy adjustment later on. Inflation could fall faster than expected amid further gains in labor force participation, allowing central banks to bring easing plans forward. Multilateral cooperation is needed to limit the costs and risks of geoeconomic fragmentation and climate change, speed the transition to green energy, and facilitate debt restructuring as per the International Monetary Fund.

OVERVIEW OF GLOBAL TOURISM

In 2023, international tourist arrivals recovered 89% of 2019 levels and export revenues from tourism 96%, while direct tourism GDP reached the same levels as in 2019. International tourism receipts reached USD 1.5 trillion in 2023, meaning a complete recovery of pre-pandemic levels in nominal terms, but 97% in real terms, adjusting for inflation. By regions, Europe generated the highest

Management Discussion and Analysis

receipts in 2023, with destinations earning USD 660 billion, exceeding pre-pandemic levels by 7% in real terms. Receipts in the Middle East climbed 33% above 2019 levels. The Americas recovered 96% of its pre-pandemic earnings in 2023 and Africa 95%. Asia and the Pacific earned 78% of its pre-crisis receipts, a remarkable result when compared to its 65% recovery in arrivals last year.

Total export revenues from international tourism, including both receipts and passenger transport, reached USD 1.7 trillion in 2023, about 96% of pre-pandemic levels in real terms. Tourism direct GDP recovered pre-pandemic levels, reaching an estimated USD 3.3 trillion in 2023, equivalent to 3% of global GDP.

International tourism is expected to recover completely in 2024 backed by strong demand, enhanced air connectivity and the continued recovery of China and other major Asian markets.

According to the UN Tourism Panel of Experts, economic and geopolitical headwinds continue to pose significant challenges to international tourism and confidence levels. IMF's latest World Economic Outlook points to a steady but slow economic recovery, though mixed by region. At the same time, persisting inflation, high interest rates, volatile oil prices and disruptions to trade continuing to translate into high transport and accommodations costs.

Tourists are expected to continue to seek value for money and travel closer to home in response to elevated prices and the overall economic challenges, while extreme temperatures and other

weather events could impact the destination choice of many travellers. This is increasingly mentioned by the UN Tourism Panel of Experts as a concern for the sector. Uncertainty derived from the Russian aggression against Ukraine, the Hamas-Israel conflict and other mounting geopolitical tensions, are also important downside risks for international tourism. According to UN Tourism, more than 285 million tourists travelled internationally in January-March 2024, about 20% more than the first quarter of 2023, underscoring the sector's near-complete recovery from the impacts of the pandemic.

SRI LANKA ECONOMY IN 2023

The economy contracted by 2.3% in 2023, despite growth in third and fourth quarters (1.6 and 4.5% respectively) following six quarters of contraction. This was driven by shrinking construction and mining, financial and IT services, and textile manufacturing, amid weak demand, tight private credit, and shortages of inputs, and was partly offset by growth in transport, accommodation, food, and beverage services, resulting from a rebound in tourism. Inflation remained benign, after declining to single-digit levels in July 2023, supported by currency appreciation and improved supply. Households have adopted risky coping strategies to deal with lower incomes and price pressures, including using savings, taking on more debt, and limiting their diets. Food insecurity rose during the second-half of 2023, with 24 percent of households being food insecure.

After almost two years of monetary tightening, the central bank cut policy rates by 650 basis points between June and November 2023. Combined with improvements in liquidity, this resulted in a

sharp decline in the government's cost of domestic borrowing. While growth rates remain negative, private sector credit has been recovering monthly since June 2023.

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

The implementation of recent structural reforms, including cost-reflective utility pricing and new revenue measures, helped macroeconomic stability but strained household budgets. Domestic debt restructuring was completed in September 2023, while negotiations with external creditors are progressing. In March 2024, a Staff Level Agreement was reached between the authorities and International Monetary Fund staff on the second review of the Extended Fund Facility program. Key reforms focusing on debt, fiscal management, trade, investment, and SOEs continue to advance.

Growth prospects depend on progress with debt restructuring and the continued implementation of structural reforms. Inflation is likely to rise moderately in the near-term, due to new revenue measures and the waning of favourable base effects and remain benign in the medium-term as demand continues to be subdued.

STAKEHOLDER ENGAGEMENT

The Citrus Group of Hotels has significantly enhanced its engagement with stakeholders this year, adopting a more expansive and interactive approach across various channels. Our stakeholders encompass those affected by our operations and those with the potential to influence our value creation.

Customers

As a customer-centric organization, Citrus continuously strives to innovate and tailor experiences to exceed guest expectations. Renowned for its exemplary Sri Lankan hospitality, the Company is dedicated to offering a vibrant, comfortable, and memorable stay. We uphold rigorous standards of hygiene, safety, and cleanliness, ensuring guest convenience and satisfaction.

Investors

Investors are integral to our company's success and growth. To foster long-term relationships, Citrus ensures regular communication and transparency. Investors are updated through annual and interim financial reports and have opportunities to interact with management during the Annual General Meeting. Our commitment to strengthening value creation is reflected in our focus on delivering consistent returns through dividends and capital appreciation.

Community

The community is a key stakeholder, and Citrus is committed to ethical and sustainable practices that support local well-being and environmental stewardship. This year, we undertook several

Management Discussion and Analysis

community initiatives, which significantly improved its appearance and cleanliness. Our CSR activities also included blood donation drives and neighborhood temple clean-ups, reinforcing our commitment to social responsibility.

Government & Industry

As a leading hospitality brand in Sri Lanka, Citrus adheres to all legal requirements and industry regulations. We invest in employee training and development, contributing to a skilled workforce that benefits the broader hospitality sector. Our active engagement with industry bodies and associations, helps promote tourism and foster fair competition, supporting the overall growth of the industry.

Suppliers

Our supply chain is vital to our operations, and we maintain strong, trust-based relationships with our suppliers. We ensure that all suppliers meet our quality standards and conduct regular evaluations to maintain high standards of quality and freshness. Collaboration and mutual respect are the cornerstones of our supplier partnerships.

Employees

Our employees are the driving force behind Citrus' vision, demonstrating agility and dedication in navigating recent challenges. We prioritize their development through substantial training investments, offering technical and soft skills training to enhance their performance and confidence. Our work environment supports a healthy work-life balance, with competitive remuneration, incentive programmes, and a strong focus on employee

well-being. Regular appraisals and recognition programmes, including Employee of the Quarter and various internal competitions, further motivate and reward our staff.

Training and Development

We place a high emphasis on training and development as a core component of our brand promise. A significant portion of our budget is allocated to this area, with tailored training programs designed to enhance both technical and soft skills. Competency mapping and cross-departmental training provide employees with broader exposure and growth opportunities. Our fast-track management training program outlines clear career progression paths, while our rewards and recognition systems serve to motivate and acknowledge staff achievements.

Response to Economic Crisis

In light of the economic challenges, Citrus provided essential support to employees by distributing dry rations and food packs. We also focused on their emotional and mental well-being through increased management engagement.

Ensuring Work-Life Balance

Citrus promotes a healthy work-life balance, celebrating staff milestones and cultural festivals with enthusiasm. Special events, including birthday celebrations and achievement ceremonies, contribute to a positive work environment. Our Employee of the Quarter and appreciation programs, along with internal sports competitions, further foster a supportive and engaged workplace.

Future Outlook

The surge in tourist arrivals bodes well for the prospects for Sri Lanka's tourism industry and the Citrus Group in the months ahead. We are optimistic about further boosting inbound tourism from both established and emerging markets.

Company Performance

Citrus Waskaduwa

The hotel achieved a total revenue of Rs. 1,091 million for the financial year 2023/2024, marking a significant 46% increase from the previous year's revenue of Rs. 749 million. This growth is a testament to the hotel's improved market performance and strategic initiatives.

Gross profit for the year surged to Rs. 681 million, representing a 50% increase from last year's Rs. 453 million. This notable improvement was driven by a revenue increase of Rs. 342 million, combined with cost-saving measures implemented by the company. The gross profit margin for 2023/2024 was 62%, up from 61% in the prior year, although increase of 1%.

The hotel reported an operational loss of Rs. 56 million for the current financial year, a significant reduction from the Rs. 204 million loss recorded last year. This 72% decrease in operational loss was primarily due to the substantial rise in revenue.

In terms of EBITDA, the hotel achieved Rs. 105 million for 2023/2024, a remarkable turnaround from an EBITDA loss of Rs. 35 million in the previous year. This represents an impressive 403% increase in EBITDA, highlighting the hotel's strong operational recovery.

Seasonal occupancy figures for 2023/2024 were robust, with an average rate of 87%, compared to 56% in the previous year, marking a 31% increase. During the off-season, average occupancy improved to 46%, up from 34% last year, reflecting a 12% increase.

Despite these gains, the hotel industry faced significant macroeconomic challenges. Rising inflation rates had a pronounced impact, notably increasing the cost of food products, especially imports. Additional financial pressures included higher excise duties on imported liquor and the implementation of increased VAT rates.

There were no renovations completed during the 2023/2024 financial year.

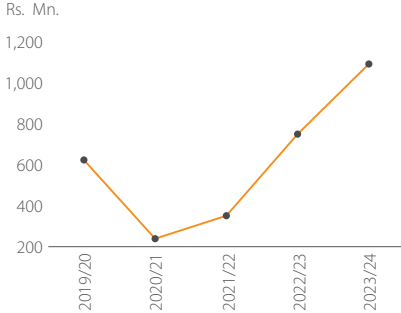
In terms of room sales, the hotel sold 34,687 rooms this year, compared to 23,473 rooms last year, marking a 48% increase. The highest room sales were to Sri Lankan guests, with 11,173 rooms sold to this nationality, up 22% reduction from the previous year 14,399 rooms. Conversely, sales to Russia, European Countries, China and India has significantly increase compared to last year.

Overall, the hotel demonstrated strong financial performance and operational improvements despite facing external economic pressures.

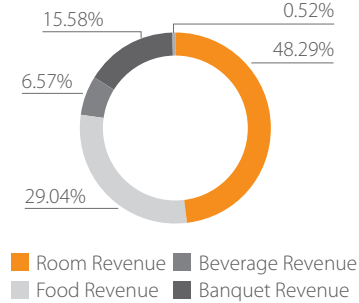
Management Discussion and Analysis

Financial Performance

Revenue

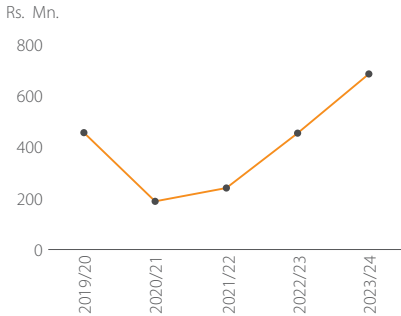


Revenue Composition



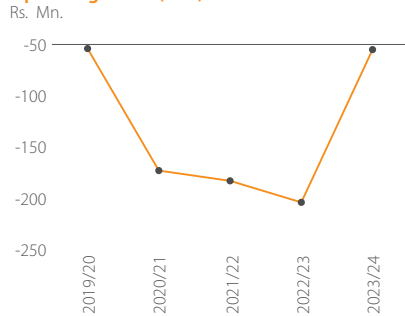
The hotel generated Rs.1091 Mn revenue for the financial year under review, reflecting a 46% year-on-year increase. The occupancy was 63% in current financial year compared to previous year record 43%

Gross Profit



Gross Profit of the hotel for the year under review increased by 50% compared to previous year as company was able to generate Rs 342 Mn revenue over previous year with the cost saving initiatives taken by the company.

Operating Profit/(loss)



Operating loss of the hotel for the year under review was 56 Mn when compared to the previous year which recorded operating Loss of Rs. 204 Mn Operating loss of the hotel has dropped by 72% compared to previous year mainly due to the increasing revenue.

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

The Board of Directors of Waskaduwa Beach Resort 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 for the financial year ended 31st March 2024, 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

Waskaduwa Beach Resort PLC is a public limited Company which was incorporated under the Companies' Act No. 7 of 2007 as a Limited Company on 7th January 2011 and listed on the Colombo Stock Exchange in 2012 and the name was changed To the "Public Limited Company" on 31st May 2012.

Principal Activity

The principal activities of the Company are provision of food and beverage, lodging, and other hospitality industry related services.

Review of Operations

The Management Discussion and Analysis covers the operations of the Company during the financial year under review on pages 11 to 16.

Financial Statements

The complete Financial Statements of the Company duly signed by the Group Head of Finance and two Directors on behalf of the Board are given on pages 84 to 147.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on pages 79 to 83.

Accounting Policies

The accounting policies adopted by the Company in the preparation of financial statements are given on pages 88 to 107 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.

Executive Directors

Mr. P C B Talwatte
Mr S M A De Silva Sugathapala

Non-Executive Directors

Mrs. V S F Amunugama
Mr. S A Ameresekere
Mr. J M B Pilimalatalawwe

Independent Non-Executive Directors

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

Changes in the Directorate of the Company

- Mr. D S Jayaweera, Non-Executive Director resigned w.e.f. 13th September 2023
- Mr S M A De Silva Sugathapala was appointed as an Executive Director w.e.f. 13th February 2024

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

- Mr E P A Cooray, ceased to be the Chairman/ Independent Non-Executive Director upon his demise on 23rd April 2024.
- Mr S D de Mel was appointed the Chairman w.e.f. 3rd May 2024
- Mr P L P Withana was appointed as an Independent Non-Executive Director w.e.f. 3rd May 2024.

Retirement of Directors

Messrs S M A De Silva Sugathapala and P L P Withana retire in terms of Article 95 of the Articles of Association and being eligible are recommended by the Board for re-election.

Recommendation for re-election of a Director who retire by rotation

Mr S A Ameresekere who retires by rotation in terms of Article 88 of the Articles of Association and being eligible are recommended by the Board of Directors for re-election.

Fit and Proper Assessment of Directors

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

Additional disclosures pertaining to Directors

- (i) Material Business relationships

None of the Directors or close family members have any material business relationships with other Directors of the Company

- (ii) Other directorships held by the Directors

Other directorships held by Directors are disclosed on pages Page 6 to 10.

Board of Directors and Relevant Interest in Shares

The Board consists of eight Directors, comprising of two (02) Executive Directors and six (06) Non-Executive Directors, three (03) of whom are Independent;

Directors' interest in the shares of the Company as at 31st March 2024 and 31st March 2023 were as follows:

Name of the Director	No. of shares as at 31.03.2024	No. of shares as at 31.03.2023
Mr. E P A Cooray	Nil	Nil
Mr. P C B Talwatte	Nil	Nil
Mr. S M De S Sugathapala	50,000	50,000
Ms. V S F Amunugama	Nil	Nil
Mr. R G Seneviratne	Nil	Nil
Mr. J M B Pilmatalawwe	Nil	Nil
Mr. S D de Mel	Nil	Nil
Mr. S A Ameresekere	Nil	Nil

Independence of Directors

Based on the declarations submitted by the Independent Non-Executive Directors, the Board has determined that, Messrs S D de Mel, R G Seneviratne and P L P Withana are 'Independent' in terms of Rule 9.8.5 of the Listing Rules.

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 No. 29.3 to the Financial Statements on page 142.

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 organisation.

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 27 to 69 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 84 to 147 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 page 26.

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. 618,470/- is payable by the Company to the Auditors for the year under review. Rs.507,150/- as audit fees and Rs. 111,320/- as non-audit fees respectively.

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

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 29th August 2024 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.

Details of fee payable to the Auditors is set out in Note No. 08 to the Financial Statements on page 109.

Stated Capital

The Stated Capital of the Company as at 31st March 2024 was Rs 2,901,702,750/- representing 559,857,096 ordinary shares. There were no changes in the Stated Capital of the Company during the year.

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 on pages 150 to 152 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 31st March 2024, 229 persons were in employment (214 persons as at 31st March 2023).

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 taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or where relevant provided for, except for certain assessments where appeals have been lodged.

Reserves

The reserves of the Company with the movements during the year are given on page 86 in the Financial Statements.

Land Holdings

The Company's Land holding referred to in Note No. 13 of the Financial Statements comprises of a land of approximately 8.6 acres (1,378.6 perches) which is located in Kudawaskaduwa, Kalutara.

Property, Plant & Equipment

Details and movements of property, plant and equipment are given under Note No. 13 to the Financial Statements on pages 116 to 121.

Material Foreseeable Risk Factors

As part of the governance process, the Board on a continuous basis reviews and takes any measures and evaluates the internal controls and risks of the Company and takes any measures required to mitigate the Risk.

Risk management objectives & policies are set out in Note No. 30 on pages 142 to 144.

Donations

There were no donations made by the Company during the year under review.

Dividends

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

Board Sub Committees

Audit Committee

The Audit Committee of Citrus Leisure PLC, the Intermediate Parent Company functions as the Audit Committee of the Company, comprising of four (04) Non-Executive Directors, three (03) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. P L P Withana	- Independent Non-Executive Director - Chairman of the Committee
Mr. S D de Mel	- Independent Non-Executive Director - Member
Mr. R G Seneviratne	- Independent Non-Executive Director - Member
Mr. S A Ameresekere	- Non-Executive Director - Member

The Report of the Audit Committee is given separately in this 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 70 to 72.

Remuneration Committee

The Remuneration Committee of Citrus Leisure PLC, the Intermediate Parent Company functions as the Remuneration Committee of the Company, comprising of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. R G Seneviratne	- Independent Non-Executive Director- Chairman of the Committee
Mr. S D de Mel	- Independent Non-Executive Director - Member
Mr. J M B Pilimatalawwe	- Non-Executive Director- Member

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

The Report of the Remuneration Committee is given separately in this 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 73 to 74.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee of Citrus Leisure PLC, the Intermediate Parent Company functions as the Related Party Transactions Review Committee of the Company, comprising of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

- Mr. P L P Withana - Independent Non-Executive Director - Chairman of the Committee
- Mr. S D de Mel - Independent Non-Executive Director- Member
- Mr. S A Ameresekere - Non-Executive Director – Member

The Report of the Related Party Transactions Review Committee is given separately in this 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 75 to 76.

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 31st March 2024.

Non-Recurrent Related Party Transactions – Disclosure in terms of Rule 9.14.8 (1) of the Listing Rules

Related party transactions committee have reviewed and stated that there were no non-recurrent related party transactions of which the aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the company in the latest Audited Financial Statements as at 31st March 2023, which requires an additional disclosure in this Annual Report 2024 in terms of Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange.

Recurrent Related Party Transactions – Disclosure in terms of Rule 9.14.8 (2) of the Listing Rules

Present below are the recurrent related party transactions which requires additional disclosure in this Annual Report in terms of Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange. all recurrent related party transactions of the company during financial year 2023/2024 were reviewed and approved by the related party transactions review committee.

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
Hikkaduwa Beach Resort PLC	Parent	Funds received (loans obtained)	469,413,839	63%	Interest Charge at 12% Per Annum

Right Issue - 2024

The objectives of the Rights Issue was to raise capital, by way of a Rights Issue to settle the borrowings / liabilities.

The Company has raised a sum of Rs.678,288,405/- by way of a Rights Issue of 376,826,892 Ordinary Voting Shares in the proportion of Thirty Five (35) New Ordinary Share for every Fifty Two (52) Ordinary Shares held by the holders of Ordinary Voting Shares in the Company as at end of Trading on 4th April 2024 at a consideration of Rs. 1.80 per share, which concluded on 6th May 2024.

Accordingly, the Stated Capital of the Company has increased from Rs.2,901,702,750/- represented by 559,857,096 Ordinary Shares to Rs.3,579,991,155/- represented by 936,683,988 Ordinary Shares, subsequent to the Rights Issue of shares and the said Shares was listed on the Colombo Stock Exchange on 22nd May 2024.

The funds raised in the Rights Issue have been utilized as tabulated below as at (21-05-2024)

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

Objective number	Objective as per Circular	Amount allocated as per circular in Rs.	Proposed date of utilization as per Circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilized in Rs.(B)	% of utilized against allocation (B/A)	Clarification if not utilized where are the funds invested (eg. Whether lent to related parties)
1	Settle part of outstanding related party loans of the company borrowed from Hikkaduwa Beach Resort PLC	342,427,902.00	Immediately Upon allotment of shares under the Rights issue of the Company	342,427,902.00	50%	342,427,902.00	100%	N/A
2	Retire an amount equivalent to Rs.335,860,503.66 of non related party loan of Sampath Bank	335,860,503.66	within a period of 01 month from the allotment of shares under the Rights issue of the Company	335,860,503.66	50%	335,860,503.66	100%	N/A

Additional disclosures by the Board of Directors in terms of Rule 9.16 of the Listing Rules

- (i) We have declared all material interests in contracts involving in the Company and we have refrained from voting on matters in which we were materially interested;
- (ii) We have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of our effectiveness and successful adherence therewith
- (iii) We made arrangements to make ourselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;
- (iv) There were no material non-compliance with law or regulation or any fines, which are material, imposed by any Government or regulatory authority in any jurisdiction where the Company has operations.

Events after the reporting date

No material events have occurred since the date of statement of financial position, which require adjustments to or disclosure in the financial statements. other than what is disclosed note no. 28 to the financial statements

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has resources to continue in business for the foreseeable future.

Annual General Meeting

The Annual General Meeting of the Company will be held at the Sri Lanka Foundation, Lecture Hall No 03, No 100, Padanam Mawatha, Independence square, Colombo 07 on 30th September 2024 at 10.30 a.m.

The Notice of the Annual General Meeting appears on page 153.

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



S D de Mel
Chairman



S A Ameresekere
Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

29 August 2024
Colombo

Statement of Directors' Responsibility

The responsibilities of the Directors, in relation to the Financial Statements of the Company 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 79 to 83 of the Annual Report.

As per the Sections 150(1), 151 and 152(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 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 an 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 84 to 147 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 maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company 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 as at the reporting date have been paid or where relevant provided for.

By Order of the Board of
Waskaduwa Beach Resort PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

29 August 2024

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 Waskaduwa Beach Resort PLC (CITW). At CITW, 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, CITW'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 is our guiding force for good governance.

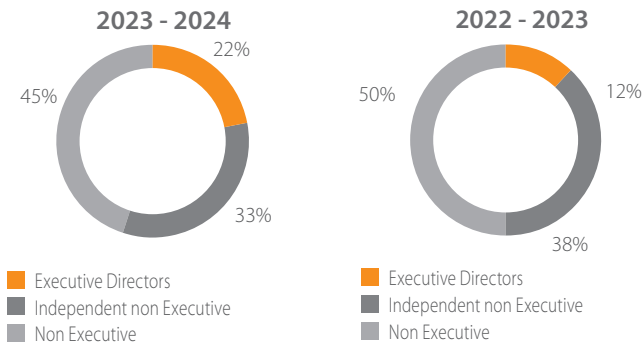
Corporate Governance

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 31st March 2024.

Name of the Director	Status of the Director	Shareholding
Mr. E. P. A. Cooray	Independent Non-Executive Director/ Chairman	No
Mr. Priya Chandana Bandara Talwatte	Executive Director	No
Mr. S.M.A De Silva Sugathapala	Executive Director	Yes
Mr. Rajinda Seneviratne	Independent Non-Executive Director	No
Ms. Varuni Sonali Fernando Amunugama	Non Executive Director	No
Mr. J.M.B Pilimatalawwe	Non Executive Director	No
Mr. Suresh Dayanath De Mel	Independent Non-Executive Director	No
Mr. S.A Ameresekere	Non Executive 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 confirm 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 confirm that suitable accounting policies consistency applied and supported by reasonable and prudent judgment and estimates, have been applied in the preparation of the financial statements.

Compliance regarding Payments

The Board of Directors confirm 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.

Compliance

The Company has complied with Section 9 of the Listing Rules of the Colombo Stock Exchange on 'Corporate Governance' during the year under review.

Corporate Governance

The attendance at the Board meetings held during the financial year 2023/24 is given below.

Name of Director	Status	2023				2024		Meetings Attended
		31.05.2023	14.08.2023	31.08.2023	15.11.2023	09.01.2024	13.02.2024	
Emilianus Prema Alphonse Cooray (Chairman)	NED/IND	Ex	√	Ex	√	Ex	Ex	2/6
Priya Chandana Bandara Talwatte	ED	√	√	√	√	√	√	6/6
Sembukuttige Mani Ammal De Silva Sugathapala	ED	N/A	N/A	N/A	N/A	N/A	√	1/1
Dilith Susantha Jayaweera	NED	Ex	Ex	Ex	N/A	N/A	N/A	0/3
Rajinda Seneviratne	NED/IND	√	√	Ex	Ex	Ex	√	3/6
Varuni Sonali Fernando Amunugama	NED	√	√	Ex	√	√	√	5/6
Janesh Manoj Bandara Pilimatalawwe	NED	√	√	√	√	√	√	6/6
Suresh Dayanath De Mel	NED/IND	√	√	√	√	√	Ex	5/6
Sharvajana Anandaraj Ameresekere	NED	√	√	√	√	√	√	6/6

Compliance With The Corporate Governance Rules of Colombo Stock Exchange

The Colombo Stock Exchange introduced a new set of Corporate Governance Rules in October 2023 with certain transitional provisions. The Company's adherence to and compliance with these regulations to be effective from 1st October 2024 are detailed below.

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.1	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	Commitment to corporate governance rules of the CSE is detailed herein.	1st October 2023	Complied
9.2.1	Company shall establish and maintain the 12 new policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website.	Company is currently reviewing the existing policies to be aligned with the new corporate governance requirement whilst some of the policies are being formulated.	1st October 2024	Company would be compliant on or before 1st October 2024
9.3.1 and 9.3.2	Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; <ul style="list-style-type: none"> (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee 	Remuneration Committee, Audit Committee and Related Party Transactions Review Committees of Citrus Leisure PLC, being the Intermediate Parent Company functions as the Sub Committees of the Company	1st October 2024	Nominations and Governance Committee of Citrus Leisure PLC once formed, will function as the Nominations and Governance Committee of the Company.

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Chairperson of the Company does not serve as the Chairman of any of the statutory board subcommittees.	1st October 2024	Complied
9.4.1	Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the CSE and/or the SEC.	Records of all shareholder meetings are maintained manually / electronically by the Company Secretary. Copies of these records would be made available to CSE/SEC upon request.	1st October 2023	Complied
9.4.2	Communication and relations with shareholders and investors.	<p>Company has an on-going process to communicate with shareholders and investors. Shareholders are encouraged to raise their concerns at shareholders meetings.</p> <p>Annual Report provides pertinent information of the company and future outlook of the company. The Accountant and the Company Registrars are entrusted to communicate with shareholders on matters concerning them. Details of contact persons are found in the Company's website.</p>	1st October 2023	In terms of Rule 9.2.1, a policy on Relations with shareholders and investors would be in place by 1st October 2024.

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.5.1	Company shall establish and maintain a formal policy governing matter relating to the Board of Directors.	The Board of Directors comprise of a balance of Executive and Non-Executive Directors. Roles of the Chairman, and the Chief Executive Officer are held by two different persons. The CEO is an Executive Director and is a Member of the Board. The Board conducts self-assessment of board-performance annually whilst performance of the CEO is reviewed by the Board through the Remuneration Committee.	1st October 2023	A policy on matters relating to the Board of Directors would be in place on or before 1st October 2024.
9.6	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.	Chairman of the Company is a Non-Executive Director. Roles of the Chairman and the Chief Executive Officer are held by two different persons.	1st October 2023	Complied

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.6.3	<p>The Company shall appoint an Independent Director as the SID in the following instances:</p> <ul style="list-style-type: none"> i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties. 	As the company is compliant with Rule 9.6, the appointment of Senior Independent Director is not necessary.	1st October 2023	Not applicable
9.7	Fitness of Directors and CEOs as per the criteria set out in the regulations.	All the Directors and the CEO have submitted written declarations confirming that they have complied with the fit and proper criteria set out in the regulations to hold their respective positions in the Company.	1st April 2024	Complied
9.8	Board Composition -Minimum of 5 Directors -minimum 2 or 1/3 of the directors whichever is high shall be independent directors.	<p>As of 31st March 2024, there were 6 directors, of whom three are independent non-executive directors.</p> <p>All Independent Non-Executive Directors have submitted their annual declarations confirming their independence.</p>	<p>1st October 2024</p> <p>1st October 2023</p>	Complied

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.9	Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	There are no Alternate Directors on the Board as of 31st March 2024.	1st January 2024	Complied
9.10.1	Company shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold.	The determination of maximum number of directorships allowed for each board member will be made at the time of formulation of policy on matters relating to the Board of Directors.	1st October 2024	Would be compliant effective from 1st October 2024
9.10.2	The Company shall, upon the appointment of a new Director to its Board, or changes to the composition of Board Sub Committees, make an immediate Market Announcement in a manner set out in the regulation.	As and when there is a new appointment to the Board an immediate market announcement is made in compliance with Rule 9.10.2.	1st October 2023	Complied
9.11	The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board and have a written Terms of Reference.	Currently company does not have a Nominations and Governance Committee.	1st October 2024	Upon formation of Nominations and Governance Committee of Citrus Leisure PLC would be functional as the Sub Committee of the Company and be compliant on or before 1st October 2024

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.12	The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have written Terms of Reference.	The Remuneration Committee of Citrus Leisure PLC, being the Intermediate Parent Company functions as the Remuneration Committee of the Company with a written Terms of Reference.	1st October 2023	Complied
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors.	There is a Remuneration Policy for the remuneration of Executive Directors. Directors' fees paid to the Non-Executive Directors are recommended to the Board by the Remuneration Committee. In determining the Board fees paid to Non-Executive Directors, the Remuneration Committee considers current market rates and the extent of contribution by each board member at board level	1st October 2023	Complied

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.12.6	<p>"Functions and Composition of the Remuneration Committee -Comprise a minimum of 3 Directors out of which a minimum of 2 shall be independent</p> <ul style="list-style-type: none"> - not consist of Executive Directors - Chairperson to be an Independent Director. 	<p>Of the 3 members of the Remuneration Committee, two are independent non executive directors. Remuneration Committee Report provides required disclosures to this Annual Report.</p>	1st October 2024	Complied
9.13.1 and 9.13.2	<p>Where the Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee shall additionally perform the Risk Functions set out in the regulations. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.</p>	<p>Currently there is no separate risk committee formed. The Board has decided to entrust the scope of the Risk Committee to the Audit Committee. There is a written Terms of Reference for the Audit Committee.</p>	1st October 2023	Complied
9.13.3	<p>The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors</p>	<p>Audit Committee of Citrus Leisure PLC, being the Intermediate Parent Company functions as the Audit Committee of the Company. Out of 4 Non Executive Directors, 3 of them are independent Directors. No Executive Directors are on the Audit Committee.</p>	1st October 2024	Complied

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.13.3 contd.	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Audit Committee meet atleast once a quarter. There were 05 Audit Committee meetings held during the financial year ended 31st March 2024. The attendance at the Audit Committee is given on Page 70 of the Annual report.	1st October 2024	Complied
	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Chairman of the Audit Committee is an independent Non Executive Director of the Board.		
	Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	CEO and the Group Head of Finance attend the Audit Committee meetings by invitation.		
	Where the parent and subsidiary are both listed the AC of the parent may be permitted to function as the AC of the subsidiary	Audit Committee of Citrus Leisure PLC, being the Intermediate Parent Company functions as the Audit Committee of the Company.		

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.13.3 contd.	The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.	The Chairperson of the Audit Committee is a Member of Institute of Chartered Accountants of Sri Lanka.	1st October 2024	Complied
9.13.4	Functions and Annual Report Disclosures of the Audit Committee.	Functions of the Audit Committee during the financial year and the Annual Report Disclosures are given in the Report of the Audit Committee on page 70.	Until 1st October 2024, the Company shall at a minimum comply with previous Rules 7.10.6 (b) and (c) relating to the functions and disclosures in the Annual Report relating to the Audit Committee.	Complied
9.14.1	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation.	Related Party Transactions Review Committee of Citrus Leisure PLC, being the Intermediate Parent Company functions as the Related Party Transactions Review Committee of the Company.	1st October 2023	Complied

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.2	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee.	All 3 members of the Related Party Transactions Review Committee, two of whom are independent non executive directors. An independent non executive director (as at the date of this report) is the Chairman of the Related Party Transactions Review Committee	1st April 2024	Complied
	If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.	Related Party Transactions Review Committee of Citrus Leisure PLC, being the Intermediate Parent Company functions as the Related Party Transactions Review Committee of the Company.	1st October 2024	Complied

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.4	The Related Party Transactions Review Committee shall meet at least once a calendar quarter.	The Related Party Transactions Review Committee meet atleast once a quarter. There were 05 Related Party Transactions Review Committee meetings held during the financial year ended 31st March 2024. The attendance at the Related Party Transactions Review Committee is given on Page 75 of the Annual report.	1st October 2023	Complied
	Minutes of meetings are properly documented and communicated to the Board of Directors. The minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis.	Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter.		
	Members of the RPTRC to ensure they have or have access to adequate knowledge expertise and advice.	Committee seeks expertise and professional knowledge on matters need technical assistance.		

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.4 contd.	Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	Such instances did not occur during the financial year.	1st October 2023	Complied
	Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter.	Directors of the RPTRC are aware of their obligations		
9.14.5	The Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.	Such instances did not occur during the financial year.	1st October 2023	Complied

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
	In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) such proposed material changes shall also be reviewed by the RPTRC prior to the completion of the transaction.	Such instances did not occur during the financial year.		
	The RPTRC shall be provided with all the facts and circumstances of the proposed RPT by the senior management to facilitate the review of a RPT	Management is conversant with their responsibility to furnish required facts and information necessary to review a RPT.		
	Directors shall not participate in discussions where there is conflict except for the express purpose of providing information. Where necessary, a special committee to be created to review a proposed RPT.	Directors are fully aware of their obligations in respect of conflict of interest.		

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.5 contd.	If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.	Related Party Transactions Review Committee has already set out guidelines deemed necessary for ongoing RPT (if any) after assessing the nature of such transactions.	1st October 2023	Complied
9.14.6	The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations.	During the year , there were no recurrent or non recurrent RPTs that required shareholders' approval by way of a special resolution.	1st October 2023	Not applicable.

Compliance with the Code of Best Practices in Corporate Governance 2023.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
The Board	A.1	Compliant	<p>Waskaduwa Beach Resort 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"> • Two Executive Directors (ED) • Three Non-Executive Independent Directors (NED/ID) • Three Non-Executive Director
Board Meetings	A.1.1	Compliant	<p>Six (6) 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 2023/24. 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.</p> <p>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</p> <p>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 is not limited to,</p>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
			<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
Board Responsibilities	A.1.2	Compliant	<p>The Board of Directors of Waskaduwa Beach Resort PLC bears the responsibility for providing strategic direction, achieving objectives, responsible corporate behaviour, risk management, utilization of resources responsibly, for ensuring leadership through effective oversight and review, while 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.</p> <p>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 and as a Board, we take seriously our responsibility for setting high standards of accountability and ethical behaviour. In performing its role, the Board is responsible for,</p>

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
			<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, while 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. • 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>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Compliance with Laws and access to Professional Advice	A.1.3	Compliant	<p>The Board acts in conformity with the laws of the country, and the Board and the Audit Committee is table a compliance statement on statutory requirements on quarterly basis at the Board and Audit Committee meeting.</p> <p>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.</p>
Company Secretary	A.1.4	Compliant	<p>P W Corporate Secretarial (Pvt) Ltd., functions as Secretaries to the Board.</p> <p>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.</p> <p>Further the Company Secretary acts as the mediator between Directors, Auditors and Sub-committees of the Board facilitating the communication and information flow among above parties.</p>
Directors' Independence	A.1.5	Compliant	<p>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.</p>

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Adequate time and effort from Directors	A.1.6	Compliant	<p>The 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.</p> <p>The Board has delegated the authority of directing the routine operations of the Company to the Executive Directors/CEO of the Company.</p>
Call for resolution to be presented	A.1.7	Compliant	A Director 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.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
The Role of the Chairman and Chief Executive Officer (CEO)	A.2: & A.3	Compliant	<p>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.</p> <p>The Chairman has the authority over the Board proceedings whereas the CEO is in charge of the day-to-day operations of the Company.</p> <p>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 a proper manner.</p>
Financial Acumen	A.4	Compliant	The members of the Board are knowledgeable and experienced individuals who can provide guidance on matters of finance. All Directors possess qualifications and/or experience in accounting and finance. Please refer profiles of Directors on pages 6 to 10.
Board Balance	A.5	Compliant	The Board comprises of Two Executive Director 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. Please refer profiles of Directors on pages 6 to 10.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Non-executive Directors with sufficient calibre	A.5.1	Compliant	The present composition of the Board is at a healthy balance between executive expediency and independent judgment. The Board is comprised of experienced and influential individuals with diverse backgrounds and expertise. Their mix of skills and business experience is a major contributor to the proper functioning of the Board and its committees. The Non-executive Directors possess vast experience in business and strong financial acumen, through their membership on external boards, and thereby are able to assess the financial reporting systems and internal controls, review and suggests any changes in keeping with best practice.
Number of Independent Directors	A.5.2	Compliant	The Board of Directors of the Company comprises six non-executive Directors out of which three are Independent.
Independence of Non-Executive Directors	A.5.3, A.5.4 & A.5.5	Compliant	The presence of Non-executive Independent Directors enables independent judgement. 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 2024 in accordance with section 07 of the CSE listing regulations on Corporate Governance. The biographical details of the Directors are set out on pages 6 and 10 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 financial year 2023/24.
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.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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 ad hoc reports and information as and when it is requested from the management.
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	Compliant	Waskaduwa Beach Resort PLC has a formal and transparent procedure for the appointment of Directors to the Board.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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.</p>
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 be eligible for the re-election.
Approval from shareholders for election and re-election of Directors	A.8.1 & A.8.2	Compliant	<p>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 30th of September 2024 by the shareholders and the proposals for re-election are specified in Notice of Meeting section on Pages 153.</p>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Resignation	A.8.3	Compliant	Refer 'Appointment, Re-election and Resignation of Directors' in the Annual Report of the Board of Directors Page 17 to 25.
Appraisal of Board Performance	A.9		Performance of the Board is evaluated from time to time and 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		<p>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:</p> <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.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Disclosure of information in respect of Directors	A.10	Compliant	Information in respect of Directors is specified in the pages 6 to 10 of this Annual Report.
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. The Company has established a formal and transparent procedure for developing policy on executive and Directors' remuneration.
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		Citrus Leisure PLC, the immediate parent company of Waskaduwa Beach Resort 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.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
			<p>The Remuneration Committee of the Group consists exclusively of Non-Executive Directors as prescribed by the Code of Best Practice, out of which (03) Non-Executive Directors, two (02) of whom are Independent</p> <p>Mr. R G Seneviratne - (IND/NED) - Chairman Mr. S D de Mel - (IND/NED) Mr. J M B Pilimalawwe-(NED)</p> <p>The Group Head of Finance assists the committee by providing the relevant information and participating in the analysis and deliberations,</p> <p>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 73 to 74.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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	Non-Executive Directors are paid only on their attendance at meetings.
Disclosure of Remuneration	B.3	Compliant	The remuneration to Directors is disclosed on page under the note 29.3.1 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>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Communication with Shareholders	C.2	Compliant	The Board has implemented effective communication with shareholders.
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 Annual Report of the board of directors of the affairs of the company on page 17.
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 behaviour 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	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 are 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	<p>The Annual Report of the Board of Directors sets out at,</p> <ol style="list-style-type: none"> a. The Company is in 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 is meted 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	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 directors responsibility is sated on page 26 of the Annual Report.
Management Discussion Analysis	D.1.6	Compliant	The “Management Discussion Analysis” of this Annual Report contains, among other issues; Industry Review (Pages 11 to 13) Risk Management (Pages 77 to 78) Stakeholder relationships (Pages 13 to 14) Financial Performance 15-16 Prospect for the future (Page 15)
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 three non-executive Directors out of which two are Independent Non Executive Directors. Please Refer Page No 75

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
			<p>The Group Head of Finance 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 75 to 76.</p> <p>The Related Party Transactions Review Committee met five (5) times during the financial year.</p> <p>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. 29 to the Financial Statements.</p>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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	<p>The Board is responsible for formulating and implementing appropriate systems of internal control for the company and in turn assessing its effectiveness. Any internal control system has its inherent limitations. The Board is aware of the inherent limitations and has taken appropriate steps to minimise same.</p>
Disclosure on Risk Assessment and Mitigation	D.2.2	Compliant	<p>The Audit Committee Report and Risk Management Report set in pages 70 to 72 and 77 to 78 respectively explains the risk assessment procedure, including those that would threaten its business model, future performance, solvency and liquidity; and specific risk mitigation strategies.</p>
Internal Audit Function & Audit Committee review of Internal Control System	D.2.3 & D.2.4	Compliant	<p>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.</p>
Responsibilities of the Directors in maintaining a sound system of Internal Controls	D.2.5	Compliant	<p>The "Statement of Directors Responsibility" on page 26 provides the declaration made by Directors accepting the responsibility to ensure that the Company is equipped with a sound system of internal controls.</p>

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Audit Committee	D.3	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	Compliant	<p>The Audit Committee comprises exclusively of Non-executive Directors out of whom two are Independent Non Executive Directors. Please refer Page No. 70</p> <p>The Audit committee focuses principally on 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.</p> <p>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 70 to 72.</p> <p>The Audit Committee met five (5) times during the year.</p>
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 Page No 70 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 70 to 72 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 favourable treatment".

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Related Party Transactions Review Committee	D.4.2	Compliant	The Related Party Transactions Review Committee consists of three Non-executive Directors of which two are Independent Non Executive Director, Please refer page no 75
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 75 to 76.
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 27 - 69 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.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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.
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. The 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	Compliance Status	Compliance Details
Board meeting agenda for discussions on cyber risk management.	G.3	Compliant	Relevant risks are set out 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 in pages 77 to 78 provides a detailed explanation of cybersecurity risks faced by Waskaduwa Beach Resort 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

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

(1) (a)	The nature of the business of the company 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 company and the Company for the accounting period completed	Financial Statements	Complied
(1) (c)	Auditors' Report on the Financial Statements and any company 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

Corporate Governance

Compliance with Requirements of Rule 7.6 of the Listing Rules of the Colombo Stock Exchange

Listing Rule No.	Subject	Status	Reference
7.6 Contents of Annual Report			
All listed entities must include in its Annual Reports and accounts, inter alia:			
i)	Names of persons who were directors of the entity during the year	Complied	Please refer page 17
ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Complied	Please refer pages 17 to 25 of the Annual Report of the Board of Directors Report on the affairs of the Company.
iii)	The names and the numbers of shares held by the 20 largest voting and non-voting shareholders and percentages	Complied	Please refer page 151
iv)	The Public Holding percentage	Complied	Please refer page 150
v)	A statement of each Director's holding and Chief Executive Officer's holdings in shares of the entity at the beginning and end of each year	Complied	Please refer page 152
vi)	Information pertaining to material foreseeable risk factors of the entity	Complied	Please refer pages 77 to 78
vii)	Details of material issues pertaining to employees and industrial relations of the entity	N/A	"No material issues pertaining to employees and industrial relations.
viii)	Extents, locations, valuations and other number of buildings of the entity's land holding and investment properties	Complied	Please refer pages 119 to 120.
ix)	Number of shares representing the entity's stated capital	Complied	Please refer page 126
x)	A distribution schedule of the number of holders in each class of equity security and the percentage of their total holdings in the specified categories	Complied	Please refer page 150

Listing Rule No.	Subject	Status	Reference
xi)	Following ratios and market price information.	Complied	
	1. Dividend per share		Please refer page 148
	2. Dividend pay out		Please refer page 148
	3. Net asset value per share		Please refer page 148
	4. Market value per share highest and the lowest value recorded.		Please refer page 150
	Value as at the end of the year		
xii)	Significant changes in the entity or its subsidiary's fixed asset and the market value of land, if the value differs substantially from the book value	Complied	Please refer Note 12 to 13 the Financial statement on page 115 to 121 of this report
xiii)	If during the year the entity has raised funds either through a public issue, Rights Issue and private placement	N/A	
xiv)	Information in respect of Employee Share Ownership or Stock Option schemes	N/A	
xv)	Disclosure pertaining to Corporate Governance practices In terms of Section 9 of the Listing Rules	Complied	Please refer pages 27 to 44
xvi)	Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower	Complied	

Audit Committee Report

The Audit Committee of Citrus Leisure PLC, the Intermediate Parent Company functions as the Audit Committee of the Company.

Composition of the Committee

The Audit Committee of Citrus Leisure PLC comprises of four (04) Non-Executive Directors, three (03) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. P L P Withana	-	Independent Non-Executive Director	-	Chairman of the Committee
Mr. S D de Mel	-	Independent Non-Executive Director	-	Member
Mr. R G Seneviratne	-	Independent Non-Executive Director	-	Member
Mr. S A Ameresekere	-	Non-Executive Director	-	Member

Changes in the sub committee as at reporting date:

- Mr. E P A Cooray, Independent Non-Executive Director ceased to be the Chairman/Member of the Committee w.e.f. 23rd April 2024.
- Mr. P V S Premawardhana, Non-Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.
- Mr. P L P Withana, Independent Non-Executive Director was appointed the Chairman/Member of the Committee w.e.f. 3rd May 2024

Meetings

The Committee met five 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 01.04.2023 to 31.03.2024 is as follows:

Name of the Director	Status	2023				2024	Meetings Attended
		31.05.2023	14.08.2023	31.08.2023	15.11.2023	13.02.2024	
Mr. E P A Cooray (Chairman)	NED/IND	Ex	√	Ex	√	Ex	2/5
Mr. S D De Mel	NED/IND	√	√	√	√	Ex	4/5
Mr. P V S Premawardhana	NED	Ex	Ex	Ex	√	√	2/5
Mr. S A Ameresekere	NED	√	√	√	√	√	5/5
Mr. R Seneviratne	NED/IND	√	√	Ex	Ex	√	3/5

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

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

Group Head of Finance also attended to meetings by invitation. The Company Secretary functions as the Secretary to the Committee

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 times during the financial year ended 31 March 2024.

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 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

Audit Committee Report

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 the 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.

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 2024/25.

Re-appointment of Auditors

The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment for the

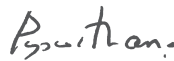
financial year ending 31st March 2025, subject to the approval of the shareholders at the next Annual General Meeting. A full breakdown of the audit and non-audit related fees are set out in Note No 8 to the Financial Statements on page 109.

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 that 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:



P L P Withana
Chairman
Audit Committee

29 August 2024
Colombo

Remuneration Committee Report

The Remuneration Committee of Citrus Leisure PLC, the Intermediate Parent Company functions as the Remuneration Committee of the Company.

Composition of the Committee

The Remuneration Committee of Citrus Leisure PLC, appointed by and responsible to the Board of Directors, comprises of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. R G Seneviratne	- Independent Non-Executive Director	- Chairman of the Committee
Mr. S D de Mel	- Independent Non-Executive Director	- Member
Mr. J M B Pilimalawwe	- Non-Executive Director	- Member

Changes in the sub committee as at reporting date:

- Mr. J M B Pilimalawwe, Non-Executive Director ceased to be the Chairman of the Committee w.e.f 14th November 2023 and Mr. R G Seneviratne, Independent Non-Executive Director was appointed the Chairman of the Committee w.e.f. 15th November 2023.
- Mr. E P A Cooray, Independent Non-Executive Director ceased to be a Member of the Committee w.e.f. 23rd April 2024.
- Mr. S A Ameresekere, Non-Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.

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.

Members' Attendance at the Remuneration Committee Meetings from 01.04.2023 to 31.03.2024 is as follows.

Name of the Director	Status	2023			2024	Meetings Attended
		31.05.2023	14.08.2023	15.11.2023	13.02.2024	
Mr. R G Seneviratne (Chairman)	NED	√	√	Ex	√	3/4
Mr. E P A Cooray	NED/IND	Ex	√	√	Ex	2/4
Mr. S D De Mel	NED/IND	√	√	√	Ex	3/4
Mr. J M B Pilimalawwe	NED/IND	√	√	√	√	4/4
Mr. S A Ameresekere	NED	√	√	√	√	4/4

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

Group Head of Finance also attended to meetings by invitation. The Company Secretary functions as the Secretary to the Committee.

Remuneration Committee Report

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.

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.



R G Seneviratne

Chairman
Remuneration Committee

29 August 2024
Colombo

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee of Citrus Leisure PLC, the Intermediate Parent Company functions as the Related Party Transactions Review Committee of the Company.

Composition of the Committee

The Related Party Transactions Review Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. P L P Withana	- Independent Non-Executive Director	- Chairman of the Committee
Mr. S D de Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Executive Director	- Member

Changes in the sub committee as at reporting date:

- Mr. E P A Cooray, Independent Non-Executive Director ceased to be the Chairman/Member of the Committee w.e.f. 23rd April 2024.
- Mr. P C B Talwatte, Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.
- Mr. P V S Premawardhana, Non-Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.
- Mr. P L P Withana, Independent Non-Executive Director was appointed the Chairman/Member of the Committee w.e.f. 3rd May 2024.

Meetings

The Committee met five 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 01.04.2023 to 31.03.2024 is as follows.

Name of the Director	Status	2023			2024		Meetings Attended
		31.05.2023	14.08.2023	15.11.2023	09.01.2024	13.02.2024	
Mr. E P A Cooray (Chairman)	NED/IND	Ex	√	√	EX	EX	2/5
Mr. S A Ameresekere	NED	√	√	√	√	√	5/5
Mr. P V S Premawardhana	NED	Ex	Ex	√	Ex	√	2/5
Mr. S D De Mel	NED/IND	√	√	√	√	Ex	4/5
Mr. P C B Talwatte	ED	√	√	√	√	√	5/5

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

Group Head of Finance also attended to meetings by invitation. The Company Secretary functions as the Secretary to the Committee.

Related Party Transactions Review Committee Report

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 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 and communicated the comments/ observations to the Board of Directors

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.

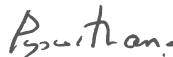
Further, all related party transactions are in accordance with Sri Lanka Accounting Standard 24 (LKAS 24) are disclosed under Note No. 29 to the Financial Statements.

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 pages 75 to 76 of the Annual Report.



P L P Withana
Chairman
Related Party Transactions Review Committee

29 August 2024
Colombo

Risk Management

Waskaduwa Beach Resort PLC acknowledges that operating a business involves both risk and reward. The Company 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 critical for the company diverse interests in the hospitality industry. Listed below are some of the risks and risk mitigation strategies used by Waskaduwa Beach Resort PLC:

Risk	Mitigation Strategies
1. Shortages in supply chain Shortages of supply can make drastic adverse impacts on the hotel operation.	<ul style="list-style-type: none"> • Maintain close relationship with suppliers. • Change the menus to be in line with the available products. • Find alternative suppliers or alternative products
2. Increasing competition Increased number of hotels leading to intense competition and lower margins	<ul style="list-style-type: none"> • Brand development initiatives to enhance loyalty. • Strengthened relationships with travel agents • Differentiated offerings in our properties
3. Retention of skilled talent pools High staff turnover in key segments such as travels and hotels	<ul style="list-style-type: none"> • Staff requested to work from home to minimise health risk. • Comprehensive talent management program to build talent pipelines including succession planning. • Updating Human Resources policies and practices cognisant with trends in the industry.
4. Interest Rate Risk Exposure to movements in market interest rates related to borrowings	<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.
5. Exchange rate Risk Exposure to movements of foreign currency exchange rates.	<ul style="list-style-type: none"> • Enter into sales contracts with tour operators in USD. • Regularly offering prices are reviewed to be in line with the exchange rate fluctuations.
6. Reputation Risk Social media has elevated this key risk for the hospitality industry as every guest and stakeholder is a potential influencer.	<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. • A hospitality mindset supports our legacy and we are careful to nurture it through communication and a balanced assessment of performance.

Risk Management

Risk	Mitigation Strategies
<p>7. 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>8. 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>9. Air Travel Fare Increase Risk</p> <p>Increase of Air Fare and Other fees significantly impact the Hotel Industry</p>	<ul style="list-style-type: none"> Enhanced Loyalty Programs can encourage guests to return, regardless of airfare fluctuations. Offer points, discounts or perks. Discount for Extended stays Flexible Booking Policies for Groups Create value added packages. Government intervention can help to subsidize Air Travel, especially for routes that are critical to tourism. Regulation of Airfare Pricing.
<p>10. Geopolitical Risk</p>	<ul style="list-style-type: none"> The Russian- Ukraine War has introduced significant geopolitical risk for the tourism industry, with impacts that are felt both locally and globally and especially in Sri Lanka as a result in the decline of Russian & Ukrainian tourists. Inflation and Economic Pressure in both the above countries significantly lowers the ability of Russian and Ukrainian tourists to travel globally and in turn affects the tourism in Sri Lanka as the season begins. The conflict has led to spikes in global energy prices which translate into higher cost for air travel which discourage long haul travel to destinations like Sri Lanka Loss of high spending tourists, especially Russian, who usually spend on luxury accommodation.
<p>11. Domestic Political Risk</p>	<ul style="list-style-type: none"> Election Year for Sri Lanka

Independent Auditor's Report



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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WASKADUWA BEACH RESORT PLC Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Waskaduwa Beach Resort PLC ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2024, 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 Company in

accordance with the Code of Ethics for Professional Accountants 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.

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp), W D P L Perera ACA

A member firm of Ernst & Young Global Limited

Independent Auditor's Report



Key Audit Matter	How our audit addressed the key audit Matter
<p>Assessment of fair value of land and buildings:</p> <p>Property, Plant and Equipment 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. 5,393 Mn and represents 92% 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. <p>Key areas of significant judgements, estimates and assumptions used in assessing the fair value of the land and buildings, as disclosed in notes 13, 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 price of the land Estimate of the per square foot rate 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 Company. 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 per perch price of land, per square foot rate of building and valuation techniques as relevant in assessing the fair value of each property We have also assessed the adequacy of the disclosures made in notes 13 to the financial statements.



Key Audit Matter	How our audit addressed the key audit Matter
<p>Interest Bearing Borrowings:</p> <p>As disclosed in note 22 the Company's total interest-bearing loans and borrowings amounted to Rs. 2,324 Mn, which represent a significant portion of its total liabilities. The maturities and terms and conditions of such interest-bearing loans and borrowings are disclosed in note 22.2.</p> <p>We selected the interest-bearing loans and borrowings as a key audit matter due to:</p> <ul style="list-style-type: none"> • the materiality of the reported amounts. • 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"> • We obtained an understanding of the term of repayments and covenants attached to external borrowings, by reading the loan agreements. • We obtained direct confirmation from financial institutions for outstanding amounts as of the reporting date. • 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 have also assessed the adequacy of the disclosures made in note 22 and note 30.4 to the financial statements relating to the interest-bearing loans and borrowings and liquidity risk aspects.</p>

Other information included in the 2024 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.

Independent Auditor's Report



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

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

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.
- 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 Company'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 Company 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.

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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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 1697.

30 August 2024
Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March	Note	2024 Rs.	2023 Rs.
Revenue from contracts with customers customers	5	1,091,134,245	749,295,592
Cost of sales		(410,409,397)	(295,446,874)
Gross profit		680,724,848	453,848,718
Other income and gains	6	2,702,994	23,652,294
Administrative expenses		(330,362,344)	(313,010,867)
Operating expenses		(387,233,728)	(346,019,737)
Selling and marketing expenses		(22,114,266)	(22,429,999)
Operating loss		(56,282,496)	(203,959,591)
Finance cost	7.2	(353,447,323)	(508,911,304)
Finance income	7.1	2,480,326	3,595,782
Loss before tax	8	(407,249,493)	(709,275,113)
Tax (expense)/ reversal	9	(894,555)	1,108,368
Loss for the year		(408,144,048)	(708,166,745)
Other comprehensive income/(loss)			
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods			
Revaluation gain on land and building	21	682,154,404	90,273,373
Deferred tax effect on revaluation of land and building	9.2.3	(545,569,295)	(27,082,012)
Actuarial gain/ (loss) on defined benefit plan	23.1	(1,188,638)	1,111,872
Deferred tax effect on actuarial gain/ (loss)	9.2.3	356,591	(333,562)
Other comprehensive income for the year, net of tax		135,753,062	63,969,671
Total comprehensive income/ (loss) for the year, net of tax		(272,390,986)	(644,197,074)
Basic/diluted loss per share	10	(0.73)	(1.26)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 88 through 147 form an integral part of these financial statements.

Statement of Financial Position

As at 31st March	Note	2024 Rs.	2023 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	13.3	5,525,434,518	4,983,705,253
Intangible assets	14	-	-
		5,525,434,518	4,983,705,253
Current assets			
Inventories	15	40,250,581	31,452,809
Trade and other receivables	16	206,865,807	63,941,250
Advances and prepayments	17	8,619,382	23,185,564
Tax receivable	18	186,174	752,996
Cash and cash equivalents	19	48,477,186	33,751,220
		304,399,130	153,083,839
Total assets		5,829,833,648	5,136,789,092
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	20	2,901,702,750	2,901,702,750
Revaluation reserve	21	2,032,237,458	1,895,652,349
Accumulated losses		(3,304,690,230)	(2,895,714,135)
Total equity		1,629,249,979	1,901,640,964
Non-current liabilities			
Interest bearing loans and borrowings	22	2,017,294,573	2,101,601,371
Other payables - related parties	24.3	473,599,178	91,184,633
Deferred tax liability	9.2	869,427,985	323,320,726
Retirement benefit obligation	23	10,222,788	9,798,292
		3,370,544,524	2,525,905,022
Current liabilities			
Trade and other payables	24	506,341,164	451,406,152
Interest bearing loans and borrowings	22	307,583,136	242,790,273
Contract liability	25	16,114,845	15,046,681
		830,039,145	709,243,106
Total equity and liabilities		5,829,833,648	5,136,789,092


These financial statements are in accordance with requirements of the Companies Act No.7 of 2007.



Nuwan Dias

Group Head Of Finance

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



S D De Mel

Chairman



S A Ameresekere

Director

The accounting policies and notes on pages 88 through 147 form an integral part of these financial statements.

30 August 2024

Colombo

Statement of Changes in Equity

	Stated Capital Rs.	Revaluation Reserve Rs.	Accumulated Losses Rs.	Total Rs.
Balance as at 01 April 2022	2,901,702,750	1,832,460,988	(2,188,325,700)	2,545,838,038
Loss for the year	-	-	(708,166,745)	(708,166,745)
Other comprehensive income/ (loss)	-	63,191,361	778,310	63,969,671
Total comprehensive income/ (loss)	-	63,191,361	(707,388,435)	(644,197,074)
Balance as at 31 March 2023	2,901,702,750	1,895,652,349	(2,895,714,135)	1,901,640,964
Loss for the year	-	-	(408,144,048)	(408,144,048)
Other comprehensive income	-	136,585,109	(832,047)	135,753,062
Total comprehensive income/(loss)	-	136,585,109	(408,976,095)	(272,390,986)
Balance as at 31 March 2024	2,901,702,750	2,032,237,458	(3,304,690,230)	1,629,249,978

The accounting policies and notes on pages 88 through 147 form an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 March	Note	2024 Rs.	2023 Rs.
Cash flows from / (used in) operating activities			
Net loss before income tax expenses		(407,249,493)	(709,275,113)
Adjustments for :			
Depreciation	13.2	161,479,805	169,298,333
Amortisation of intangible assets	14	-	312,641
Provision for retirement benefit obligation	23.1	3,788,738	3,140,933
Gain on disposal of property, plant and equipment	6	-	(21,657,491)
Finance income	7.1	(2,480,326)	(3,595,782)
Finance cost	7.2	353,447,323	508,911,304
Operating loss before working capital changes		108,986,047	(52,865,176)
Increase in trade & other receivables		(142,924,559)	(9,386,691)
increase in inventories		(8,797,772)	(11,834,677)
Increase in other non-financial assets		14,566,182	(4,697,529)
Increase in trade & other payables		54,935,017	81,310,464
Increase/ (decrease) in contract liabilities		1,068,164	2,270,779
Cash generated from/ (used in) operations		27,833,079	4,797,171
Defined benefit plan cost paid	23	(4,552,880)	(3,330,168)
Tax paid		(235,712)	(41,492)
Finance cost paid		(319,157,091)	(28,840,243)
Net Cash used in operating activities		(296,112,604)	(27,414,732)
Cash flows from/ (used in) investing activities			
Acquisition of property, plant and equipment	13.4	(21,054,666)	(38,715,957)
Proceeds from disposal of property, plant and equipment		-	157,491
Finance income received		2,332,321	3,595,782
Net cash flows used in investing activities		(18,722,345)	(34,962,684)
Cash flows from/ (used in) financing activities			
Repayment of interest bearing loans and borrowings	22.1	(19,180,500)	(15,030,800)
Net Financed from related parties		349,074,849	51,998,918
Net cash from financing activities		329,894,349	36,968,118
Net increase in cash and cash equivalents		15,059,400	(25,409,298)
Cash and cash equivalents at the beginning of the year		(111,510,848)	(86,101,550)
Cash and cash equivalents at the end of the year (Note A)		(96,451,448)	(111,510,848)
Note A			
Analysis of cash and cash equivalents			
Cash in hand and cash at bank	19	19,211,747	7,620,192
Short term deposits with original maturity less than three months	19	29,265,439	26,131,028
Bank overdrafts	22	(144,928,634)	(145,262,068)
Total cash and cash equivalents		(96,451,448)	(111,510,848)

The accounting policies and notes on pages 88 through 147 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 March 2024

1. CORPORATE INFORMATION

Waskaduwa Beach Resort PLC (“Company”) is a Public Limited Liability 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 8, and the principal place of business is situated at No. 427, Samantara Road, Kudawaskaduwa, Waskaduwa.

1.1 Principal Activities and Nature of Operations

The principal activities of the Company are provision of food and beverage, lodging, and other hospitality industry related services.

1.2 Parent Entity and Ultimate Parent Entity

The Company’s parent undertaking is Hikkaduwa Beach Resort PLC, which is incorporated in Sri Lanka and listed in Colombo Stock Exchange (CSE).

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

1.3 Date of Authorization for Issue

The Financial Statements of Waskaduwa Beach Resort PLC for the year ended 31 March 2024 were authorized for issue in accordance with the resolution of the Board of Directors on 30th August 2024.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements which comprise the statement of profit or loss and other 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 financial statements have been prepared on the historical cost basis, except for the 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.

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

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.

Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2024, based on available information,

the management has assessed the impact of existing economic circumstances on the Company 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 Company by the Board of Directors, and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company 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.

2.2 Summary of material accounting policies

a) Current versus non-current classification

The Company 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 realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
Expected to be realized 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 Company classifies all other liabilities as non-current.
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Fair value measurement

The Company 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 a liability in an orderly transaction between market participants at the measurement date.

Notes to the Financial Statements

Year ended 31 March 2024

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 Company.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are 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 Company 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 Company'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 and Buildings of the Company. 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 Company'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 Company'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 Company'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 Company 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 12 and 13.7
Quantitative disclosures of fair value measurement hierarchy	Note 12
Property, plant and equipment under revaluation model	Note 13
Financial Instruments (Including those carried at amortized cost)	Note 11

c) 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 Company's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities. The net company'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 2024

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

The Company 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.

d) 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 Company 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 assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 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.

The Company 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.

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.

e) Foreign currencies

The Company's financial statements are presented in Sri Lanka Rupees, which is also the parent company's functional currency. The Company determines the functional currency and items included in the financial statements of the Company are measured using that functional currency.

Notes to the Financial Statements

Year ended 31 March 2024

Transactions in foreign currencies are initially recorded by the Company 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.

f) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders.

A corresponding amount is recognised directly in equity.

g) 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 Company 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 Company 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 recognized 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 it 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 recognized 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 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	6-40 Years
Furniture and Fittings	6 Years
Entertainment Equipment and Security Equipment	4 Years
Machinery and Other Equipment	10 Years
Electrical Fittings and Equipment	10 Years
Furnishing and Linen	3 Years
Kitchen Utensils and Other Equipment	10 Years
Air Condition System	15 Years
Crockery, Cutlery and Glassware	3 Years
Motor Vehicles	5 Years
Generator and Transformers	15 Years
Computers and Hardware	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 their 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 the management.

h) 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.

i) Intangible assets

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Company 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.

Notes to the Financial Statements

Year ended 31 March 2024

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;

Assets	Years
Web Site	Over 3 Years
Computer Software	Over 3 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 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.

j) 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 Company'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 Company'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 Company 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 Company 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 Company 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 Company 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

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

Notes to the Financial Statements

Year ended 31 March 2024

Financial assets at fair value through OCI (debt instruments)

The Company 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 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 Company 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 Company 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 statement of financial position) when

The rights to receive cash flows from the asset have expired Or The Company 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 Company has transferred substantially all the risks and rewards of the asset,

or

- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company 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 Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Financial assets	Note 04
Trade receivables	Note 11
	Note 16

The Company 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external

Notes to the Financial Statements

Year ended 31 March 2024

information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. 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 borrowings and payables, net of directly attributable transaction costs.

The Company financial liabilities include trade and other payables and interest bearing loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification 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 Company 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 Company 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 amortization 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 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.

k) 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 Stock	
Other Stock	

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.

l) Impairment of non-financial assets

The carrying amounts of the Company'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 recognized in the 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.

Notes to the Financial Statements

Year ended 31 March 2024

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.

m) 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 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 Company's cash management.

n) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of 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 Company 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, provision discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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 Company 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 23. 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.

p) Leases

The Company 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.

Company as a lessee

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

i) Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company 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

Notes to the Financial Statements

Year ended 31 March 2024

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.

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

The Company 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. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the company financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3.1. Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an

entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

3.2. Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

3.3. International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to

recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024.

3.4. SLFRS 17 Insurance Contracts

This standard does not apply to the company, so it has no effect in this context

4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's 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 Company's exposure to risks and uncertainties includes:

Disclosure	Note No.
Capital management	31
Financial instruments risk management and policies	30
Sensitivity analyses disclosures	30

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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market Notes to the Financial Statements Year ended 31 March 2024

changes or circumstances arising that are beyond the control of the Company. 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.

Notes to the Financial Statements

Year ended 31 March 2024

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 23.

Provision for expected credit losses of trade receivables

The Company 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 the Company

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 2024, based on available information, the management has assessed the existing and anticipated effects of current economic situation on the Company.

Fair value of freehold land and buildings

The Company 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 12 to the financial statements.

Impairment of non-financial assets

The Company 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 not include restructuring activities that the Company 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 for the following assets of the Company for which the key assumptions used are disclosed and further explained in the respective notes.

Cash Generating Units (CGU) of the Company – Note 13.9.

Notes to the Financial Statements

Year ended 31 March

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

5.1 Revenue

	2024 Rs.	2023 Rs.
Hotel income (Note 5.1.1)	1,091,134,245	749,295,592
	1,091,134,245	749,295,592

5.1.1 Segmentation of the revenue

	2024 Rs.	2023 Rs.
Rooms revenue	526,866,272	328,303,921
Food revenue	316,891,517	217,385,313
Beverage revenue	71,641,235	37,666,658
Banquet revenue	169,958,222	161,511,045
Laundry revenue	859,642	419,625
Spa revenue	4,917,357	4,009,030
	1,091,134,245	749,295,592

6. OTHER INCOME AND GAINS

	2024 Rs.	2023 Rs.
Telephone income	-	1,568
Shop Rent Income	324,700	315,841
Gain on sale of property, plant, and equipment		21,657,491
Other sundry income	2,378,294	1,677,394
	2,702,994	23,652,294

7. FINANCE COSTS AND INCOME**7.1 Finance Income**

	2024 Rs.	2023 Rs.
Interest income on fixed deposits and savings accounts	2,480,326	3,595,782
	2,480,326	3,595,782

7.2. Finance Cost

	2024 Rs.	2023 Rs.
Interest expense on bank overdrafts	23,290,717	28,840,243
Interest expenses on bank loans	295,866,374	468,946,840
Interest on related party payables	33,790,232	10,624,221
Mortgage fee	500,000	500,000
	353,447,323	508,911,304

8. LOSS BEFORE TAX

	2024 Rs.	2023 Rs.
Loss before tax is stated after charging all the expenses including following;		
Costs of defined employee benefits		
- Salaries and wages	101,533,965	90,042,796
- Defined benefit plan costs - gratuity	3,788,738	3,140,933
- Defined contribution plan costs - EPF and ETF	15,223,418	13,551,879
Depreciation	161,479,805	169,610,974
Amortisation of intangible assets	-	312,641
Business Promotions & Advertising cost	11,515,935	16,411,467
Auditors' remuneration		
- Statutory audit fee	507,150	450,000
- Non audit fee	111,320	107,800

Notes to the Financial Statements

Year ended 31 March

9. TAX EXPENSE

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

	2024 Rs.	2023 Rs.
Current income tax		
Current income tax charge on other sources of income (Note 9.1)	-	277,204
		277,204
Deferred tax expenses		
Deferred tax expenses /(reversal) (Note 9.2.2)	894,555	(1,385,572)
Income tax expense reported in the statement of profit or loss	894,555	(1,108,368)

9.1 A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the statutory tax rate is as follows :

	2024 Rs.	2023 Rs.
Accounting loss before income tax	(407,249,493)	(709,275,113)
Add: Aggregate disallowed items	165,532,654	172,761,908
Less: Aggregate allowable items	(281,810,006)	(18,194,482)
Less: Non business income	2,480,326	(3,595,782)
Less: Non taxable income	(703,194)	(21,657,491)
Business loss (Note 9.1.2)	(526,710,365)	(579,960,960)
Other sources of income		
Interest income	2,480,326	1,155,015
Total statutory income	2,480,326	1,155,015
Tax losses deducted against other sources of income	(2,480,326)	-
Total taxable income	-	1,155,015
Income tax on other sources of income at 30%	-	277,204

9.1.1 Income tax rates

Hotel Operations

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.

Other income and gains

Income from other sources are taxed at the rate of 30%.(2022/23 : 24% up to 30th September 2022 and 30% thereafter)

- 9.1.2 The taxable loss in Note 9.1. can not be claimed nor carried forward since the company enjoys a tax exemption.
- 9.1.3 In determining the arm's length price, the company has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and amendment thereto and the Gazette notifications issued on transfer pricing.

9.2 Deferred tax liability

9.2.1 Statement of financial position

	2024 Rs.	2023 Rs.
At the beginning of the year	323,320,726	297,290,724
Recognised in profit or loss	894,555	(1,385,572)
Recognised in other comprehensive income	545,212,704	27,415,574
At the end of the year	869,427,985	323,320,726
Net deferred tax liability relate to the following;		
Defined benefit obligation	(3,066,836)	(2,605,927)
Capital allowances for tax purpose	1,535,911	537,038
Revaluation of land and building	870,958,910	325,389,615
Net deferred tax liability	869,427,985	323,320,726

Notes to the Financial Statements

Year ended 31 March

9.2.2 Statement of profit or loss

	2024 Rs.	2023 Rs.
Deferred tax expense/ (reversal) arising from		
- Capital allowances for tax purpose	998,873	-
- Defined benefit obligation	(104,318)	(1,385,572)
Total deferred tax expense/ (reversal) for the year	894,555	(1,385,572)

9.2.3 Statement of other comprehensive income

	2024 Rs.	2023 Rs.
Deferred tax expense/ (reversal) arising from		
- Defined benefit obligation	(356,591)	333,562
- Revaluation of land/ building	545,569,295	27,082,012
Total deferred tax expense/(reversal) for the year	545,212,704	27,415,574

9.2.4 Deferred tax charge/(reversal) recognized through

	2024 Rs.	2023 Rs.
Statement of Profit or Loss		
Charge/(revesal) arising on during the year movement	75,402	182,155
Charge/(revesal) due to change in tax rates	819,153	(1,567,727)
	894,555	(1,385,571)
Other Comprehensive Income		
Charge/(revesal) arising on during the year movement	204,289,730	12,793,934
Charge/(revesal) due to change in tax rates	340,922,974	14,621,639
	545,212,704	27,415,574

10. 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 Loss and share data used in the basic loss per share computation.

	2024 Rs.	2023 Rs.
Amount used as the numerator:		
Net loss for the year	(408,144,048)	(708,166,745)
Number of ordinary shares used as denominator:		
Weighted average number of ordinary shares in issue applicable to basic loss per share	559,857,096	559,857,096
Basic/diluted loss per share	(0.73)	(1.26)

Notes to the Financial Statements

Year ended 31 March

11. FINANCIAL INSTRUMENTS

11.1 Financial assets and liabilities by categories

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

As at 31 March	2024		2023	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Trade and other receivables	-	206,865,807	-	63,941,250
Short term bank deposit	-	29,265,439	-	26,131,028
	-	236,131,246	-	90,072,278

As at 31 March	2024		2023	
	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	-	2,324,877,709	-	2,344,391,644
Trade and other payables	-	881,986,043	-	542,590,785
	-	3,206,863,752	-	2,886,982,429

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.

12. FAIR VALUE MEASUREMENT

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

As at 31 March	2024						
	Fair Value Measurement Using						
	Note	Date of valuation	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total Fair Value	Rs.
Assets measured at fair value							
Non-financial assets							
Property, plant & equipment							
- Freehold land	(Note 13)	31 March 2024	-	-	1,410,380,000	1,410,380,000	
- Buildings	(Note 13)	31 March 2024	-	-	3,972,418,812	3,972,418,812	
			-	-	5,382,798,812	5,382,798,812	
As at 31 March							
2023							
Fair Value Measurement Using							
Note	Date of valuation	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total Fair Value	Rs.	
Assets measured at fair value							
Non-financial assets							
Property, Plant & Equipment							
- Freehold land	(Note 13)	31 March 2023	-	-	1,231,283,000	1,231,283,000	
- Buildings	(Note 13)	31 March 2023	-	-	3,568,507,501	3,568,507,501	
			-	-	4,799,790,501	4,799,790,501	

Notes to the Financial Statements

Year ended 31 March

13. PROPERTY, PLANT AND EQUIPMENT 13.1 Gross carrying amounts

	Balance as at 01.04.2023 Rs.	Additions Rs.	Disposal Rs.	Revaluation Rs.	Transfer on revaluation Rs.	Balance as at 31.03.2024 Rs.
At Cost / valuation						
Freehold land	1,231,283,000	-	-	179,097,000	-	1,410,380,000
Buildings	3,568,507,501	-	-	503,057,404	(99,146,093)	3,972,418,812
Motor vehicle	1,150,766	-	-	-	-	1,150,766
Computer and hardware	20,542,371	586,725	-	-	-	21,129,096
Machinery and other equipment	136,183,188	744,267	-	-	-	136,927,455
Electrical fittings and equipment	78,594,940	4,697,292	-	-	-	83,292,232
Kitchen, bar utensils and other equipment	128,251,833	512,490	-	-	-	128,764,323
Entertainment and security equipment	70,625,813	1,188,787	-	-	-	71,814,600
Air condition systems	185,465,626	1,630,600	-	-	-	187,096,226
Furniture and fittings	195,801,579	585,200	-	-	-	196,386,779
Furnishing and linen	64,890,683	3,391,526	-	-	-	68,282,209
Cutlery crockery and glassware	8,251,635	1,673,797	-	-	-	9,925,432
Generator and transformers	49,587,190	6,043,982	-	-	-	55,631,172
Total gross carrying amount	5,739,136,126	21,054,666	-	682,154,404	(99,146,093)	6,343,199,103

13.2 Depreciation

	Balance as at 01.04.2023 Rs.	Charge for the Year Rs.	Disposals Rs.	Transfer on Revaluation	Balance as at 31.03.2024 Rs.
At Cost/Valuation					
Buildings	-	99,146,093	-	(99,146,093)	-
Motor vehicle	1,150,766	-	-	-	1,150,766
Computer and hardware	18,916,966	941,853	-	-	19,858,819
Machinery and other equipment	113,526,390	13,681,932	-	-	127,208,322
Electrical fittings and equipment	66,670,457	7,991,729	-	-	74,662,186
Kitchen, bar utensils and other equipment	109,290,349	12,881,706	-	-	122,172,055
Entertainment and security equipment	57,983,804	5,676,855	-	-	63,660,659
Air condition systems	105,485,902	12,417,031	-	-	117,902,933
Furniture and fittings	192,708,049	1,235,438	-	-	193,943,487
Furnishing and linen	59,176,548	3,492,522	-	-	62,669,070
Cutlery crockery and glassware	8,078,347	363,079	-	-	8,441,426
Generator and transformers	22,443,297	3,651,567	-	-	26,094,864
Total depreciation	755,430,874	161,479,805	-	(99,146,093)	817,764,586

Notes to the Financial Statements

Year ended 31 March

13 PROPERTY, PLANT AND EQUIPMENT (Contd.)

13.3 Net book values

	2024	2023
	Rs.	Rs.
At Cost/ Valuation		
Freehold land	1,410,380,000	1,231,283,000
Buildings	3,972,418,812	3,568,507,501
Computer and hardware	1,270,278	1,625,406
Machinery and other equipment	9,719,134	22,656,799
Electrical fittings and equipment	8,630,046	11,924,483
Kitchen, bar utensils and other equipment	6,592,268	18,961,484
Entertainment and security equipment	8,153,942	12,642,010
Air condition systems	69,193,293	79,979,724
Furniture and fittings	2,443,292	3,093,530
Furnishing and linen	5,613,139	5,714,135
Cutlery crockery and glassware	1,484,006	173,288
Generator and transformers	29,536,309	27,143,894
Total carrying amount of property, plant & equipment	5,525,434,518	4,983,705,253

13.4 During the Financial year, the company acquired Property, plant & equipment to an aggregate value of Rs.21,054,666/- (2023 - Rs.38,715,957/-) . Cash payments amounting to Rs.21,054,666/- (2023 - Rs.38,715,957/-) were made during the year for the purchase of Property, Plant and Equipment.

13.5 Property, plant and equipment includes fully depreciated assets having a gross carrying amount of Rs.358,211,987/- (2023 -Rs.350,357,345/-)

13.6 The land and buildings belonging to Waskaduwa Beach Resorts PLC, situated at No. 427, Samanthara Road, Kudawaskaduwa, Kaluthara were revalued by Mr. T. M. H. Mutaliph D.I.V - FP (CTC - Sri Lanka), Chartered Valuer as at 31 March 2024, who has recent experience in valuing properties of similar an Independent location and category. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 March 2024. 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.

13.7 Valuation technique, inputs and relationship with fair value

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

Valuation date 31 March 2024

Location	Extent Perch	Valuation Date	Valuation technique	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) Rs. Mn
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Land

Waskaduwa	1,377.98	31-Mar-24	<u>Open market value method</u>	Rs. 1000,000/- per perch	1,410.38
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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.

Notes to the Financial Statements

Year ended 31 March

13. PROPERTY, PLANT AND EQUIPMENT (Contd.)

Location			Valuation technique	Significant unobservable input : price per Sq.ft.		Fair Value measurement using Significant unobservable inputs (Level 3) Rs. Mn	
	Room area Sq.ft	Other Sq.ft		Room Area	Other Area		
Building							
Waskaduwa	Ground floor	14,912	75,366	Depreciated replacement cost	Rs. 27,500/- per Sq.ft	Rs. 16,750/- per Sq.ft	1,672.46
	First floor	16,776	54,132	Depreciated replacement cost	Rs. 27,500/- per Sq.ft	Rs. 7000/- per Sq.ft	840.26
	Second floor	16,776	15,127	Depreciated replacement cost	Rs. 27,500/- per Sq.ft	Rs. 7,750/- per Sq.ft	578.57
	Third floor	25,287	12,115	Depreciated replacement cost	Rs. 27,500/- per Sq.ft	Rs. 8,500/- per Sq.ft	734.54
	Roof Top and Other		33,259	Depreciated replacement cost		Rs. 3,750/- and Rs.3,500/- per Sq.ft	117.33
	Swimming pool		450	Depreciated replacement cost		RS,65,000/- per Sq.ft	29.25
	Number of buildings						4.00

Significant increases/ (decreases) in estimated price per perch and price per square feet would result in a significantly higher/ (lower) fair value of the properties.

- 13.8** 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 2024	Net Carrying Amount 2023
	Rs.	Rs.	Rs.	Rs.
Land	627,141,368	-	627,141,368	627,141,368
Building	2,098,543,371	603,434,877	1,495,108,494	1,547,572,078
	2,725,684,739	603,434,877	2,122,249,862	2,174,713,446

13.9 Impairment Assessment of Property, Plant and Equipment

Hotel properties were identified as separate CGUs by the company for purposes of assessing impairment. The impairment test was carried out for the Hotel properties 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 2024, and no impairment loss was recognized.

The key assumptions used to determine the recoverable amount for the cash generating unit, are as follows;

	2024	2023
Discount rate :	12.73%	18.95%
Terminal growth rate :	3.00%	3.00%
Price per perch of land	Rs: 1000,000	Rs: 850,000
Rate per square feet of building	Rs: 3,500 - Rs: 27,500	Rs: 3,250 - Rs: 25,000

Notes to the Financial Statements

As at 31 March

14. INTANGIBLE ASSETS

	2024			2023
	Website Development Rs.	Software Rs.	Total Rs.	Total Rs.
Cost				
At the beginning of the year	1,067,583	1,243,091	2,310,674	2,310,674
Acquisitions during the year	-	-	-	-
At the end of the year	1,067,583	1,243,091	2,310,674	2,310,674
Amortization				
At the beginning of the year	1,067,583	1,243,091	2,310,674	1,998,033
Amortization for the year	-	-	-	312,641
At the end of the year	1,067,583	1,243,091	2,310,674	2,310,674
Carrying amount	-	-	-	-

* The cost incurred for the development of Web Site and purchase of Accounting Software have been categorized as intangible asset. Intangible asset is amortized over 03 years

15. INVENTORIES

	2024 Rs.	2023 Rs.
Food & beverage	22,436,174	13,564,944
Housekeeping & Maintenance	6,021,219	3,819,531
Other stocks	11,793,188	14,068,334
	40,250,581	31,452,809

No impairment were recognized on the inventories.

16. TRADE AND OTHER RECEIVABLES

	2024 Rs.	2023 Rs.
Trade debtors - Others	194,577,609	21,053,720
- Related parties (16.1)	8,617,742	3,623,977
	203,195,353	24,677,697
Less: Impairment for trade debtors (16.4)	(5,965,422)	(5,965,423)
	197,229,931	18,712,274
Other debtors - Others	9,635,876	21,522,262
- Related Parties (16.2)	-	23,706,713
Current trade and other receivables	206,865,807	63,941,250

16.1 Trade debtors - related parties

	Relationship	2024 Rs.	2023 Rs.
Triad (Pvt) Ltd.	Affiliate Company		1,593,671
George Steuart Travels (Pvt) Ltd.	Affiliate Company		-
George Steuart Health (Pvt) Ltd.	Affiliate Company	1,160,000	596,473
Power House Limited	Affiliate Company	1,053,570	758,983
George Steuart Solutions (Pvt) Ltd.	Affiliate Company	424,262	138,850
Liberty Publishers (Pvt) Ltd.	Affiliate Company	570,000	500,000
George Steuart Company (Pvt) Ltd.	Affiliate Company	36,793	
George Steuart Engineering (Pvt) Ltd.	Affiliate Company	5,373,113	-
Emagewise (Pvt) Ltd.	Affiliate Company		36,000
		8,617,738	3,623,977

16.2 Other Debtors - related Parties

	Relationship	2024 Rs.	2023 Rs.
Hikkaduwa Beach Resort PLC	Parent Company	-	23,706,713

Notes to the Financial Statements

As at 31 March

16. TRADE AND OTHER RECEIVABLES (Contd.)

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

Trade and other receivables

	Neither past due nor impaired < 30 Days Rs.	Past due but not impaired					Total
		31 - 60 Days Rs.	61 - 90 Days Rs.	91 - 180 Days Rs.	181-365 Days Rs.	>365 Days Rs.	
2024							
Trade debtors	69,490,946	78,647,024	35,355,483	1,868,850	3,244,291	14,588,760	203,195,353
Less:							
Impairment for trade debtors	-	-	-	-	-	(5,965,422)	(5,965,422)
	69,490,946	78,647,024	35,355,483	1,868,850	3,244,291	8,623,338	197,229,931
2023							
Trade debtors	11,412,050	2,049,040	231,844	160,436	2,617,906	8,206,420	24,677,697
Less:							
Impairment for trade debtors	-	-	-	-	-	(5,965,422)	(5,965,422)
	11,412,050	2,049,040	231,844	160,436	2,617,907	2,240,998	18,712,276

16.4 Impairment for trade debtors

	2024 Rs.	2023 Rs.
As at beginning of the year	5,965,423	5,965,423
Charge for the year	-	-
As at end of the year	5,965,423	5,965,423

17. ADVANCE AND PREPAYMENT

	2024 Rs.	2023 Rs.
Advances	790,500	15,458,334
Prepayments	7,610,802	7,509,150
Deposits	218,080	218,080
	8619,382	23,185,564

18. TAX RECEIVABLE

	2024 Rs.	2023 Rs.
WHT receivable	186,174	752,996
	186,174	752,996

19. CASH AND CASH EQUIVALENTS

	2024 Rs.	2023 Rs.
Short term bank deposit	29,265,439	26,131,028
Cash at bank	3,446,698	703,456
Cash in hand	15,765,049	6,916,736
	48,477,186	33,751,220

19.1 Short term bank deposit

	Credit Rating	2024 Rs.	2023 Rs.
Sampath Bank PLC	A(lka)	29,265,439	26,131,028
		29,265,439	26,131,028

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.

Notes to the Financial Statements

As at 31 March

20 STATED CAPITAL

20.1 Issued and fully-paid - ordinary shares

As at 31 March	2024		2023	
	Number	Rs.	Number	Rs.
Issued and fully-paid - ordinary shares	559,857,096	2,901,702,750	559,857,096	2,901,702,750

21. REVALUATION RESERVE

Nature and purpose of the reserve

Revaluation reserve is used to record increments and decrements on the revaluation of lands and buildings of the company. 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 2.2 (g) for details.

	2024	2023
	Rs.	Rs.
Revaluation reserve at the beginning of the year	1,895,652,349	1,832,460,988
Surplus on revaluation of land and building	682,154,404	90,273,373
Deferred tax effect on revaluation of land and building	(545,569,295)	(27,082,012)
Revaluation reserve at the end of the year	2,032,237,458	1,895,652,349

22. INTEREST BEARING LOANS AND BORROWINGS

	2024 Rs.	2023 Rs.
Non-current interest -bearing loans and borrowings		
Long term loans (22.1)	2,017,294,573	2,101,601,371
	2,017,294,573	2,101,601,371
Current interest -bearing loans and borrowings		
Long term loans (22.1)	162,654,502	97,528,205
Bank overdrafts	144,928,634	145,262,068
	307,583,136	242,790,273
Total interest-bearing loans and borrowings	2,324,877,709	2,344,391,644

22.1 Long term loans

	2024 Rs.	2023 Rs.
At the beginning of the year	2,199,129,576	1,870,007,948
Interest accrued during the moratorium period	-	344,152,428
Loan obtained during the year	-	-
Repayments during the Year	(19,180,500)	(15,030,800)
At the end of the year	2,179,949,076	2,199,129,576
Current	162,654,502	97,528,205
Non Current	2,017,294,573	2,101,601,371
	2,179,949,075	2,199,129,576

Notes to the Financial Statements

As at 31 March

22. INTEREST BEARING LOANS AND BORROWINGS (Contd.) 22.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment Terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Asset Pledge	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
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. 20,500,000/- & Lien over funds lying to the credit of following fixed deposits in the name of the company and its successive renewal together with a company Letter of Set	19,811,507	18,658,641	26,265,439	26,131,028
Sampath Bank PLC	Permanent Overdraft	AWPLR+2% p.a. 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 No427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J/R Alahakone Licensed Surveyor.	75,841,802	77,887,933	5,382,798,812	4,799,790,500

Lender	Nature of facility	Nominal Interest rate	Repayment Terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Asset Pledge	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sampath Bank PLC	Term Loan Facility	AWPLR+ 1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	120 Monthly Installments	"Loan agreement for Rs. 844,400,000/- 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"	844,400,000	844,400,000	5,382,798,812	4,799,790,500
Sampath Bank PLC	Moratorium Loan Facility	AWPLR+ 1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	60 Monthly Installments	"Loan agreement for Rs. 519,649,104.85/- 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"	519,649,105	519,649,105	5,382,798,812	4,799,790,500

Notes to the Financial Statements

As at 31 March

22. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

22.2 Security and repayment terms (Contd.)

Lender	Nature of facility	Nominal Interest rate	Repayment Terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Asset Pledge	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	120 Monthly Installments	"Loan agreement for Rs. 540,500,000/- 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."	540,500,000	540,500,000	5,382,798,812	4,799,790,500

Lender	Nature of facility	Nominal Interest rate	Repayment Terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Asset Pledge	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sampath Bank PLC	Term Loan Facility	15.5% Per annum payable monthly together with statutory taxes	60 Monthly Installments	"Loan agreement for Rs. 270,625,468.21/- 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."	270,625,468	270,625,468	5,382,798,812	4,799,790,500
Sampath Bank PLC	Saubagya Covid-19 Renaissance Loan Facility	4% Per annum payable monthly together with statutory taxes	15 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."	-	7,500,000	5,382,798,812	4,799,790,500

Notes to the Financial Statements

As at 31 March

22. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

22.2 Security and repayment terms (Contd.)

Lender	Nature of facility	Nominal Interest rate	Repayment Terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Asset Pledge	
					2024	2023	2024	2023
					Rs.	Rs.	Rs.	Rs.
Sampath Bank PLC	Saubagya Covid-19 Renaissance Loan Facility	4% Per annum payable monthly together with statutory taxes	15 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.	-	3,769,200	5,382,798,812	4,799,790,500

Lender	Nature of facility	Nominal Interest rate	Repayment Terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Asset Pledge	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Commercial Bank of Ceylon PLC	Term Loan Facility	Interest Free	9 Monthly Installments	property called 'Sanathoduwa' situated in Kalpitiya 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: 1.00 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. 6289 dated 08th December 2010, and which is sub-leased to Hikkaduwa Beach Resort PLC (former Kalpitiya Beach Resort PLC) under the Deed of Sub Lease No. 514 dated 14th February 2011.	4,774,502	13,185,803	233,287,500	233,287,500

Notes to the Financial Statements

As at 31 March

22. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

22.2 Security and repayment terms (Contd.)

Lender	Nature of facility	Nominal Interest rate	Repayment Terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Asset Pledge	
					2024	2023	2024	2023
					Rs.	Rs.	Rs.	Rs.
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 'Sanathoduwa' situated in Kalpitiya 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: 1.00 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. 6289 dated 08th December 2010, and which is sub-leased to Hikkaduwa Beach Resort PLC (former Kalpitiya Beach Resort PLC) under the Deed of Sub Lease No. 514 dated 14th February 2011.	49,275,325	50,407,355	233,287,500	233,287,500

23. RETIREMENT BENEFIT OBLIGATION

	2024 Rs.	2023 Rs.
As at beginning of the year	9,798,292	11,099,399
Current service cost	1,535,131	1,476,023
Interest cost	2,253,607	1,664,910
Actuarial (gain)/loss arising from changes in assumptions	1,188,638	(1,111,872)
Past Service Cost	-	-
Payments made during the year	(4,552,880)	(3,330,168)
As at end of the year	10,222,788	9,798,292

- 23.1** Following amounts are recognized in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

	2024 Rs.	2023 Rs.
Expense recognized in profit or loss		
Current service cost	1,535,131	1,476,023
Interest cost	2,253,607	1,664,910
Past Service Cost	-	-
	3,788,738	3,140,933
Actuarial (Gain)/Loss recognized directly in OCI	1,188,638	(1,111,872)

23.2 Maturity profile of the defined benefit obligation

	2024 Rs.	2023 Rs.
Within the next 12 months	1,987,781	3,407,357
Between 1-2 Years	3,004,164	4,167,246
Between 3-5 Years	2,620,043	1,572,252
Between 6-10 Years	1,952,041	623,232
Beyond 10 Years	658,759	28,205
Total	10,222,788	9,798,292

Notes to the Financial Statements

As at 31 March

23.3 Principle assumptions used for actuarial valuation,

Messrs. Actuarial & Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the Projected Unit Credit Method as at 31st March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2024	2023
Discount rate assumed	12.00%	23.00%
Future Salary increase rate	10%	18%

23.4 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the most significant key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2023/24. The sensitivity of the Income Statement and Statement of Financial Position are the effect of the assumed changes in discount rate and salary increase rate on the profit or loss and post employment benefit liability for the year

	2024 Rs.	2023 Rs.
Discount Rate as at 31 March		
Effect on DBO due to decrease in the discount rate by 1%	398,493	176,229
Effect on DBO due to increase in the discount rate by 1%	(369,111)	(169,111)
Salary escalation rate as at 31 March		
Effect on DBO due to decrease in salary escalation rate by 1%	(422,877)	(215,556)
Effect on DBO due to increase in salary escalation rate by 1%	449,467	221,407

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 used in preparing the sensitivity analysis from prior years.

23.5 The average duration of the defined benefit plan obligation at the end of the reporting period is 4 years. (2023 - 2.15 years)

23.6 The principal demographic assumption underlying the valuation is the retirement age of 60 years, applied consistently for both years

24. TRADE AND OTHER PAYABLES

	2024 Rs.	2023 Rs.
Trade Payables - others	51,503,204	67,877,901
- related Parties (24.1)	2,979,398	4,789,408
Other Payables - others	56,217,868	57,225,651
- related Parties (24.2)	45,906,323	1,581,978
Notes payable	251,780,070	121,303,831
Sundry creditors including accrued expenses	97,954,299	198,627,382
Current trade and other payables	506,341,164	451,406,152
Non- current trade and other payables (24.3)	473,599,178	91,184,633

For terms and conditions with related parties, refer to note 29.1.

For explanations on the company's liquidity risk management processes, refer to note 30.4.

Notes to the Financial Statements

As at 31 March

24.1 Trade Payables - related parties

	Relationship	2024 Rs.	2023 Rs.
George Steuart Consumer (Pvt) Ltd.	Affiliate Company	868,929	2,458,763
George Steuart Teas (Pvt)Ltd	Affiliate Company	98,112	-
George Steuart Solutions (Pvt) Ltd.	Affiliate Company	-	-
Divasa Equity (Pvt) Ltd.	Affiliate Company	264,935	264,935
Triad (Pvt) Ltd.	Affiliate Company	55,294	658,443
Adpack Productions (Pvt) Ltd.	Affiliate Company	393,200	393,200
Emagewise (Pvt) Ltd.	Affiliate Company	919,252	919,252
George Steuart Travel Ltd.	Affiliate Company	218,800	-
Hammer BTL (Pvt) Ltd.	Affiliate Company	14,662	14,662
George Steuart Health (Pvt) Ltd.	Affiliate Company	-	-
Printage (Pvt) Ltd.	Affiliate Company	146,213	80,153
		2,979,398	4,789,408

24.2 Other payables - related Party

	Relationship	2024 Rs.	2023 Rs.
Citrus Leisure PLC	Intermediate Parent Company	24,465,535	1,581,978
Hikkaduwa Beach Resort PLC	Parent Company	21,440,788	-
		45,906,323	1,581,978

24.3 Non- current other payables

	Relationship	2024 Rs.	2023 Rs.
Hikkaduwa Beach Resort PLC	Parent Company	473,599,178	91,184,633
		473,599,178	91,184,633

25 CONTRACT LIABILITIES

25.1 Contract balances

	2024 Rs.	2023 Rs.
Advance received for future room reservations	8,489,522	5,123,058
Advance received for future banquet reservations	7,625,323	9,923,623
	16,114,845	15,046,681

These amounts will be settled for revenue within next 12 months

25.2 Contract liabilities

	2024 Rs.	2023 Rs.
Contract liabilities balance at the beginning of the year	15,046,681	12,775,902
Revenue recognised in the reporting period that was included in the contract liability balance	(376,338,623)	(351,912,276)
Advances received from customers during the reporting period	384,689,340	364,750,430
Refunds made during the year	(7,282,553)	(10,567,375)
Contract liabilities balance at the end of the year	16,114,845	15,046,681

26. COMMITMENTS

The company does not have significant commitments and contingencies as at the reporting date.

27. CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 March 2024, which would require adjustment to, or disclosure in the financial statements.

28. EVENTS OCCURRING AFTER THE REPORTING DATE

As discribe page no 23-24 subsequent to the reporting date company raised funds by way of right issue.

29. RELATED PARTY DISCLOSURES**29.1 Terms and conditions of transactions with related parties**

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 12% from April 2023 to March 2024. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2024 and 2023, the company has not recorded any impairment of receivables relating to amounts owed by related parties.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.14.8.(2) is on pages 22 to 23 Annual Report of the Board of Directors' on the affairs of the company.

Notes to the Financial Statements

Year ended 31 March

29. RELATED PARTY DISCLOSURES (Contd.) 29.2 Transaction with the parent and related entities

Details of significant related party disclosures are as follows:

Nature of Transaction	Intermediate Parent Company*		Parent Company**		Affiliate Companies***		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April	(1,581,978)	-	(67,477,920)	(29,254,505)	(1,165,431)	(640,884)	(70,225,329)	(29,895,389)
Recurrent transactions								
Fund transfers to	-	-	-	-	-	1,500,000	-	1,500,000
Funds received from	(37,700,000)	(19,000,000)	(469,413,839)	(86,875,000)	-	-	(507,113,839)	(105,875,000)
Inter Company settlement payments received	-	-	-	-	-	(1,714,600)	-	(1,714,600)
Expenses incurred on behalf of other companies	11,199,596	106,921	1,762,005	1,673,362	1,233,934	219,100	14,195,535	1,999,382
Expenses incurred on behalf of the company	(13,927,704)	(17,671,579)	(405,660)	(119,334)	(134,078)	(206,210)	(14,467,442)	(17,997,123)
Collection made by the Company on behalf of others	-	-	(2,540,325)	(310,664)	-	(549,989)	(2,540,325)	(860,653)
Collection made by Others on behalf of the company	-	-	4,555,458	10,802,142	-	-	4,555,458	10,802,142
Inter-company interest income	-	-	-	-	-	-	-	-
Inter-company interest expense	-	-	(33,790,232)	(10,624,221)	-	-	(33,790,232)	(10,624,221)
Management fee	(47,934,814)	(27,147,994)	-	-	-	-	(47,934,814)	(27,147,994)
Mortgage fee expenses	-	-	(500,000)	(500,000)	-	-	(500,000)	(500,000)
Payment made for interest, management fees and other settlements	65,479,366	62,130,675	72,716,800	26,100,000	23,217,123	18,584,914	161,413,290	106,815,589
Trading nature transactions (Sales)	-	-	-	-	19,162,693	3,151,509	19,162,693	3,151,509

Nature of Transaction	Intermediate Parent Company*		Parent Company**		Affiliate Companies***		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Settlements for trading nature Transactions (sales receipts)	-	-	-	-	(15,038,961)	(5,224,125)	(15,038,961)	(5,224,125)
Purchase of goods/service	-	-	-	-	(16,285,146)	-	-	(16,285,146)
WHT deducted on Interest Expense	-	-	53,746	130,301	(21,636,939)	-	(21,583,192)	130,301
Non-recurrent transactions								
Transfer of assets	-	-	-	21,500,000	-	-	-	21,500,000
Total	(24,465,535)	(1,581,978)	(495,039,965)	(67,477,920)	5,638,340	(1,165,431)	(513,867,159)	(70,225,329)
Included under								
Trade and other receivables (Note 16.1 & 16.2)	-	-	-	23,706,713	8,617,738	3,623,977	8,617,738	27,330,690
Trade and other payables (Note 24.2)	(24,465,535)	(1,581,978)	(21,440,788)	-	(2,979,398)	(4,789,408)	(48,885,721)	(6,371,386)
Non-current trade and other payables (note 24.3)	-	-	(473,599,178)	(91,184,633)	-	-	(473,599,178)	(91,184,633)
	(24,465,535)	(1,581,978)	(495,039,966)	(67,477,920)	5,638,340	(1,165,431)	(513,867,161)	(70,225,329)

* Intermediate parent company - Citrus Leisure PLC

** Parent company - Hikkaduwa Beach Resort PLC

***Affiliate companies represents entities controlling by directors. Affiliate companies includes: George Steuart Health (Pvt) Ltd, George Steuart Teas (Pvt) Ltd, George Steuart Solutions (Pvt) Ltd, George Steuart Travels (Pvt) Ltd, Triad (Pvt) Ltd, Emagewise (Pvt) Ltd, Power House Limited, Divasa Equity (Pvt) Ltd, Adpack Productions (Pvt) Ltd, George Steuart Consumer (Pvt) Ltd, Citrus Silver Limited, Printage (Pvt) Ltd, Liberty Publishers (Pvt) Ltd and Hammer BTL (Pvt) Ltd.

Notes to the Financial Statements

Year ended 31 March

29.3 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 key management personnel of the company are the members of its board and that of its parent.

29.3.1 Other Transactions with Key Management Personnel

Loans to Directors

No loans have been granted to the Directors of the company

Key Management Personnel Compensation

No directors emoluments were incurred at the company level for the year ended 31 March 2024 (2023 - Nil).

Other Transactions with Key Management Personnel

There are no other transactions between the company and Key Management Personnel for the year ended 31 March 2024 (2023 - Nil)

Details of Directors shareholding is given on the page 152.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Overview

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

- Market risk
- Liquidity risk
- Credit risk

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

30.2 Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the company's risk management framework. The Audit committee in managing all risks affecting the company. The company audit committee is assisted in its oversight role by company'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 company'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 summarised below.

30.3 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 2024 and 2023.

30.3.1 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.

Notes to the Financial Statements

Year ended 31 March

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

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	
		2024	2023
		Rs.	Rs.
Change in basis point	+50 (0.5%)	(10,899,745)	(10,995,648)
Change in basis point	-50 (-0.5%)	10,899,745	10,995,648
Change in basis point	+500 (5%)	(108,997,454)	(109,956,479)
Change in basis point	-500 (-5%)	108,997,454	109,956,479
Change in basis point	+1000 (10%)	(217,994,908)	(219,912,958)
Change in basis point	-1000 (-10%)	217,994,908	219,912,958

30.3.2 Foreign exchange risk

The company is being involved in hospitality operations and 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 LKR using the conversion rates established by the industry.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates with all other variables held constant, the company's profit before tax. The company exposure to all the other currencies are not material.

		Change in Profit before tax	
		2024	2023
		Rs.	Rs.
Change in exchange rate	+5%	480,690	233,726
Change in exchange rate	-5%	(480,690)	(233,726)
Change in exchange rate	+25%	2,403,452	1,168,629
Change in exchange rate	-25%	(2,403,452)	(1,168,629)

Foreign currency exchange rates

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

As at	31.03.2024	31.03.2023
United States Dollar	300.44	318.28
Euro	325.22	346.72

30.4 Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company'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 company's reputation.

The company continuously prepare and monitors rolling cash flow forecasts and assess 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 company held term deposits that are expected to readily generate cash inflows for managing liquidity risk of liabilities as at the reporting date.

Maturity analysis

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2024 based on contractual undiscounted payments.

As at 31 March 2024	On Demand Rs.	Within 1 Year Rs.	Between 2-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Interest-bearing loans and borrowings	144,928,634	162,654,502	1,253,954,573	763,340,000	2,324,877,709
Trade and other payables		506,341,164	-	-	506,341,164
	144,928,634	668,995,666	1,253,954,573	763,340,000	2,831,218,873

Notes to the Financial Statements

Year ended 31 March

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

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2023 based on contractual undiscounted payments.

As at 31 March 2023	On Demand Rs.	Within 1 Year Rs.	Between 2-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Interest-bearing loans and borrowings	145,262,068	97,528,205	1,138,586,798	963,014,573	2,344,391,644
Trade and other payables	382,223,195	69,182,957	-	-	451,406,152
	527,485,262	166,711,162	1,138,586,798	963,014,573	2,795,797,796

30.5 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 company 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 company's maximum exposure to credit risk at the reporting date were as follows;

	2024 Rs.	2023 Rs.
Trade and other receivables	206,865,807	63,941,250
Investments in bank deposits	29,265,439	26,131,028
Cash at Bank	3,446,698	703,456
	239,577,944	90,775,734

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 2024 and 2023 is the carrying amounts as disclosed in Note 16.

The maximum exposure to credit risk for trade and other receivables at the reporting date by the type of counter parties are as follows:

	2024 Rs.	2023 Rs.
Individual debtors	16,894,503	5,125,115
Corporate debtors	193,882,346	58,816,135
	210,776,849	63,941,250

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 16 to the financial statements.

31. CAPITAL MANAGEMENT

The company objectives when managing capital are to safeguard the company'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 & Reserves

Debt

- Long term bank borrowings

- Long term related party borrowings

The company monitors capital on the basis of the debt to 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. Company's future developments, investments and business strategies.

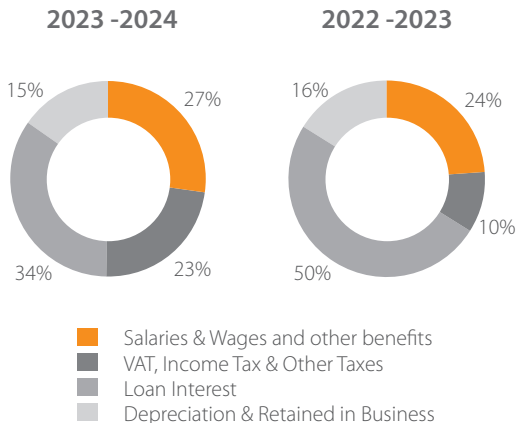
The company's gearing ratio at 63% (2023 - 56%) . The company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions, and continues looking for ways of improving its capital structure in order to support the company's business strategies.

Five Year Summary

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
TRADING RESULTS					
Revenue	Rs.'000s 623,281	238,607	350,847	749,296	1,091,134
Profit/(Loss) Before tax	Rs.'000s (252,038)	(333,965)	(339,959)	(709,275)	(407,249)
Taxation (Expense)/Reversal	Rs.'000s (457)	(1,261)	(573)	1,108	(895)
Profit/(Loss) After tax	(252,495)	(335,226)	(340,532)	(708,167)	(408,144)
Funds employed					
Stated Capital	Rs.'000s 2,901,703	2,901,703	2,901,703	2,901,703	2,901,703
Capital Reserves	Rs.'000s 743,788	1,068,532	1,832,461	1,895,652	2,032,237
Revenue Reserves	Rs.'000s (1,511,283)	(1,846,835)	(2,188,326)	(2,895,714)	(3,304,690)
Borrowings	Rs.'000s 1,721,217	1,821,563	1,982,691	2,192,786	2,490,894
Assets Employed					
Non-current assets	Rs.'000s 4,092,383	4,312,197	5,024,327	4,983,705	5,525,435
Current assets	Rs.'000s 121,633	74,092	98,495	153,084	304,399
Cashflow					
Net cash inflow/(outflow) from operating activities	Rs.'000s 104,031	(35,643)	(14,737)	(27,415)	(296,113)
Net cash inflow/(outflow) from investing activities	Rs.'000s (75,639)	(731)	(21,101)	(34,963)	(18,722)
Net cash inflow/(outflow) from financing activities	Rs.'000s (28,805)	37,135	81,103	36,968	329,894
Increase/(decrease) in cash and cash equivalents	Rs.'000s (413)	762	45,265	(25,409)	15,059
Key Indicators					
Earnings/(Loss) per share - Basic/ diluted	Rs.'000s (0.50)	(0.60)	(0.61)	(1.26)	(0.73)
Net assets value per share	Rs.'000s 3.81	3.79	4.55	3.40	2.91
Market price per share	Rs.'000s 3.50	3.10	2.00	2.80	2.30
Interest cover	Rs.'000s (0.27)	(1.04)	(1.15)	0.39	0.15
Dividend Per Share	Rs.'000s -	-	-	-	-
Dividend Payout Ratio	Rs.'000s -	-	-	-	-

Statement of Value Added

	2023/24		2022/23	
	Rs.	%	Rs.	%
Turnover	1,091,134,245		749,295,592	
Other income	5,183,320		27,248,076	
	1,096,317,565		776,543,668	
Less: Cost of material & services bought in	(1,024,857,733)		(640,735,839)	
	71,459,832		135,807,828	
Value Allocated to Employees				
Salaries & wages and other benefits	285,311,717	27%	242,090,894	24%
To Government				
VAT, income tax & other taxes	240,948,909	23%	100,850,583	10%
To Providers of Capital				
Loan interest	353,447,323	34%	508,911,304	50%
To Expansion & Growth				
Depreciation & retained in business	161,479,805	15%	169,298,333	16%
	1,041,187,755	100%	1,021,151,114	100%



Share Information

ORDINARY SHAREHOLDERS

There were 3,106 registered shareholders as at 31st March 2024, distributed as follows.

Shareholders categorized summary report - as at 31st March 2024

From	To	No of Holders	No of Shares	%
1	1,000	1,473	409,635	0.07
1,001	10,000	875	3,861,573	0.69
10,001	100,000	608	21,232,522	3.79
100,001	1,000,000	138	37,259,067	6.66
Over 1,000,000		12	497,094,299	88.79
Total		3,106	559,857,096	100

Analysis of Shareholders

Category	No of Holders	No of Shares	%
Local Individuals	2,972	59,626,823	10.65
Local Institutions	123	500,008,211	89.31
Foreign Individuals	11	222,062	0.04
Foreign Institutions	0	0	0.00
Total	3,106	559,857,096	100

The percentage of issued shares held by the public as at 31st March 2024 was 17.16% (As at 31 March 2023 was 17.17%) and the number of shareholders was 3,106 (As at 31 March 2023 was 2,935).

The Float Adjusted Market Capitalisation of the Company as at 31 March 2024 is Rs. 221,000,357.60/- and the Company falls under Option 5 of Rule 7.13.1 (i) (a) of the Listing Rules of the CSE.

Market Price per share	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Highest during the year	3.30 (24.08.2023)	3.30 (14.09.2022)
Lowest during the year	1.90 (09.02.2024)	1.20 (09.05.2022)
As at end of the year	2.30	2.80

20 Major Shareholders of the Company

Name	No of Shares as at 31.03.2024	(%)	No of Shares as at 31.03.2023	(%)
1 HIKKADUWA BEACH RESORT PLC } 267,641,552 NATIONAL DEVELOPMENT BANK } 196,078,432 PLC/HIKKADUWA BEACH RESORT PLC	463,719,984	82.828	463,719,984	82.828
2 HATTON NATIONAL BANK PLC / AYENKA HOLDINGS (PVT) LTD	16,512,673	2.949	16,512,673	2.949
3 MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	3,598,067	0.643	2,111,094	0.377
4 MR. G. G. A. M. R. K. ABEYKOON	3,008,800	0.537	613,975	0.110
5 SEYLAN BANK PLC /PHANTOM INVESTMENTS (PVT) LTD	2,685,195	0.480	-	-
6 MR. K. SURIAARCHCHI	1,500,000	0.268	1,500,000	0.268
7 MR. C.D. KOTTAGE	1,300,000	0.232	1,000,000	0.179
8 MIS. B.C. PALIHAWADANA	1,225,000	0.219	1,125,000	0.201
9 MR. R.E. RAMBUKWELLE	1,216,000	0.217	966,000	0.173
10 HATTON NATIONAL BANK PLC/ RAVINDRA ERLE RAMBUKWELLE	1,165,000	0.208	710,000	0.127
11 MERCHANT BANK OF SRI LANKA & FINANCE PLC / W.P.A.M. ABESEKARA	1,163,580	0.208	1,463,580	0.261
12 HATTON NATIONAL BANK PLC / RUWAN PRASSANA SUGATHADAS	984,815	0.176	1,177,000	0.210
13 MS. M.I. THANUDARA	935,950	0.167	435,950	0.078
14 MR. G.P. ROOPASINGHE	825,981	0.148	116,190	0.021
15 SEYLAN BANK PLC. / NALAKA HARSHAJEEVA GODAHEWA	800,000	0.143	1,500,000	0.268
16 MR. K.D.D. KUMARA	752,855	0.134	734,633	0.131
17 MR. H.A. NASAR	717,051	0.128	717,051	0.128
18 MR. N.P.M. MURSHID	674,979	0.121	674,979	0.121
19 MS. Z.M. KALEEL	662,142	0.118	612,142	0.109
20 MR. D.N. MALLIKARACHCHI	600,000	0.107	500,000	0.089
SUB TOTAL	504,048,072	90.032	496,190,251	88.628
OTHERS	55,809,024	9.968	63,666,845	11.372
TOTAL	559,857,096	100.000	559,857,096	100.000

Share Information

Directors' and CEO's Shareholding as at 31st March 2024

Directors	No of Shares as at 31.03.2024	%	No of Shares as at 31.03.2023	%
1 Mr. Emilianus Prema Alphonse Cooray	-	-	-	-
2 Ms. Varuni Sonali Fernando Amunugama	-	-	-	-
3 Mr Sharvajana Anandaraj Ameresekere	-	-	-	-
4 Mr. Rajinda Seneviratne	-	-	-	-
5 Mr. Janesh Manoj Bandara Pilimalawwe	-	-	-	-
6 Mr. Suresh Dayanath De Mel	-	-	-	-
7 Mr. Sembukuttige Mani Ammal De Silva Sugathapala Chief Executive Officer	50,000	0.01	50,000	0.01
Mr Priya Chandana Bandara Talwatte	-	-	-	-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth (13th) Annual General Meeting of Waskaduwa Beach Resort PLC will be held on 30th September 2024 at 10.30 a.m. at the Sri Lanka Foundation, Lecture Hall No. 03, No. 100, Padanam Mawatha, Independence Square, Colombo 07 for the following purposes;

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st March 2024 and the Report of the Auditors thereon.
2. To re-elect Mr. Sembukuttige Mani Ammal De Silva Sugathapala as a Director in terms of Article 95 of the Articles of Association of the Company.
3. To re-elect Mr. Punsisi Lalith Patuwatha Withana as a Director in terms of Article 95 of the Articles of Association of the Company.
4. To re-elect Mr. Sharvajana Anandaraj Ameresekere as a Director who retires by rotation in terms of Article 88 of the Articles of Association of the Company.
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.
6. To authorize the Directors to determine donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.

By order of the Board

Waskaduwa Beach Resort PLC



P W Corporate Secretarial (Pvt) Ltd

Secretaries

29th August 2024

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 WASKADUWA BEACH
 RESORT PLC hereby appoint
 (NIC/Passport No.) of or failing him/her*,

- | | |
|--------------------------|-----------------|
| Mr. S D de Mel | or failing him* |
| Mr. P C B Talwatte | or failing him* |
| Mr. S M De S Sugathapala | or failing him* |
| Ms. V S F Amunugama | or failing her* |
| Mr. R G Seneviratne | or failing him* |
| Mr. J M B Pilimatalawwe | or failing him* |
| Mr. S A Ameresekere | or failing him* |
| Mr. P L P Withana | |

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirteenth (13th) Annual General Meeting of the Company to be held on 30th September 2024 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

- | | For | Against |
|---|--------------------------|--------------------------|
| 1. To re-elect Mr. Sembukuttige Mani Ammal De Silva Sugathapala as a Director in terms of Article 95 of the Articles of Association of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. To re-elect Mr. Punsisi Lalith Patuwatha Withana as a Director in terms of Article 95 of the Articles of Association of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To re-elect Mr. Sharvajana Anandaraj Ameresekere as a Director who retires by rotation in terms of Article 88 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 31st March 2025 and up to the date of the next Annual General Meeting. | <input type="checkbox"/> | <input type="checkbox"/> |

In witness my/our* hands this day of Two Thousand and Twenty Four.

.....
 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.

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 deposited at the Registered Office of the Company, No.56/1, Kynsey Road, Colombo 08 by 10.30 p.m. on 28th September 2024.
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 notarially 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.
6. In the case of joint holders the Form of Proxy must be signed by the first holder.

Corporate Information

Name of Company

Waskaduwa Beach Resort PLC

Legal Form

Public Quoted Company with limited liability Incorporated in Sri Lanka.

Stock Exchange Listing

The shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

Company Registration No.

PB 4242 PQ

Registered Office

No: 56/1 ,Kynsey Road,Colombo 08

Telephone : 0115 755 055

Fax : 0115 470 000

E-mail : Info@citrusleisure.com

Website : www.citrusleisure.com

Board of Directors

Mr.S.D.De Mel (Chairman)

Mr.J.M.B Pilimalawwe

Mr. Mani Sugathapala

Mr. S.A. Ameresekere

Ms.V.S. F. Amunugama

Mr. R. Seneviratne

Mr.P.L.P. Withana

Chief Executive Officer

Mr. P. C. B. Talwatte

Director Marketing

Mr. Mani Sugathapala

Group Head Of Finance

Mr. Nuwan Dias

Company Secretaries

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

Company Registrars Central

Central Depository Systems (Pvt) Ltd
Depository Systems (Pvt) Ltd
Ground Floor M & M Centre 341/5,
Kotte Road Rajagiriya.

Auditors

Ernst & Young Chartered Accountants
Rotunda Towers, No. 109, Galle Road
Colombo 03.

Bankers

Sampath Bank PLC
Commercial Bank of Ceylon PLC
Bank of Ceylon
Hatton National Bank PLC
People's Bank
Union Bank of Colombo PLC

Designed & produced by

emagewise

Digital Plates & Printing by Printage (Pvt) Ltd



www.citrusleisure.com

Waskaduwa Beach Resort PLC
No. 56/1, Kynsey Road, Colombo 08.
Telephone : 0115 755 055 Fax : 0115 470 000
E-mail : direct@citrusleisure.com