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Citrus Leisure 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 Citrus Leisure 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 Leisure, 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 will 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

## Review of the CEO

It is my pleasure to share an overview of our Company, Citrus Leisure 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. The Citrus Group of Hotels was able to record the highest revenue of Rs. 2188 Mn, which is a 35% growth over the

previous year. Citrus Hikkaduwa reported total occupancy levels of 73% while Citrus Waskaduwa and Citrus Silver reported occupancy levels of 63% and 78% respectively. The rise in food, fuel and energy costs, which have been increasing throughout the year, and the hike in Value-Added Tax (VAT) and 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, Citrus Leisure 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

## Review of the CEO

such as Europe, China and India. This is especially crucial for the upcoming winter season, where the European market will be key.

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 Group 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 Group 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 Group 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 Talwate**  
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 Waskaduwa Beach Resort PLC and Director of Citrus Silver Ltd and Citrus LT (Pvt) Ltd.

### 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 Waskaduwa Beach Resort 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 Steuart & 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 Steuart and Company Limited, Executive Director of Colombo Land and Development Company PLC and Triad (Pvt) Ltd, Non-Executive Director of H V A Foods PLC, Hikkaduwa Beach Resort PLC and Waskaduwa Beach Resorts 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.

## Board of Directors

### 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.

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 Waskaduwa Beach Resort PLC.

### 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.

### 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 Waskaduwa Beach Resort 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. 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 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.

He holds partnerships/proprietorships in Corona T Stores, Corona Ventures, Corona Tea Stores and C.V Private etc.

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

#### **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

## Board of Directors

having joined the Board in September 2012 in a non-executive capacity. He currently overlooks the operations of George Stuart Solutions which specializes in building solutions.

Mr. Pilimatalawwe 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. Pilimatalawwe 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 Stuart and Company Limited, Managing Director of George Stuart Optimize (Pvt) Ltd and George Stuart Solutions (Pvt) Ltd, Non-Executive Director of Waskaduwa Beach Resort 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 M T X Labs (Pvt) Ltd, George Stuart Asset Management (Pvt) Ltd, George Stuart Aviation (Pvt) Ltd, George Stuart Capital (Pvt) Ltd, George Stuart Consumer (Pvt) Ltd, George Stuart Education (Pvt) Limited, George Stuart Exports Pvt ( Ltd), George Stuart Health (Pvt) Ltd, George Stuart Holidays (Pvt) Limited, George Stuart Industries (Pvt) Limited, George Stuart Insurance Brokers (Pvt) Ltd, George Stuart Investments (Pvt) Ltd, George Stuart Recruitment (Pvt) Ltd, George Stuart Sports (Pvt) Ltd, George Stuart Teas (Pvt) Ltd, George Stuart

Telecom (Pvt) Ltd, George Stuart Travels Ltd, Gree Lanka (Pvt) Ltd, James Stuart (Pvt) Limited, Three Fifty at Union (Pvt) Ltd and George Stuart Maldives (Pvt) Ltd.

### Mr. Vasula Premawardhana

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

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

He holds directorships in six other companies : Non-Executive Director of Hikkaduwa Beach Resort PLC, Director of Citrus Aqua Limited, Citrus LT (Pvt) Ltd, Citrus Vacations Limited, George Stuart Asset Management (Pvt) Ltd and Long Term Alpha Management (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 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.

## Management Discussion and Analysis

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 continue 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 favorable base effects, and remain benign in the medium-term as demand continues to be subdued.

### Portfolio of Hotels

Citrus Hotels & Resorts offers a collection of distinctive properties known for their enchanting experiences, authentic Sri Lankan hospitality, and bespoke service:

Citrus Waskaduwa stands as the Group's premier resort, a luxurious five-star haven with 150 rooms set along a 400-meter stretch of pristine beachfront in Waskaduwa, boasting breathtaking views of the Indian Ocean.

Citrus Hikkaduwa features a 90-room resort nestled on the vibrant Hikkaduwa beach, where guests can immerse themselves in the local charm and enjoy a range of nightlife and recreational activities.

The Steuart by Citrus is our elegantly designed boutique business hotel in Colombo's bustling commercial center. Housed in the historic Steuart House, once the headquarters of George Steuart & Co, the hotel pays tribute to its heritage with Scottish-themed decor.

We also operate the Ceylon Curry Club, a contemporary restaurant located in the Dutch Hospital precinct. Here, we blend traditional Sri Lankan cuisine with a modern twist, creating a unique dining experience.

This year, we expanded our portfolio by taking over the management of the Heladiv Tea Club restaurant, also situated within the Dutch Hospital complex, enhancing our culinary offerings in the area.

### Stakeholder Engagement

The Citrus Group of Hotel strengthened relationships with all its stakeholders by opening greater engagement across various channels. Our stakeholders consists of groups that are impacted by our operations and who have the potential to impact our value creation process

### 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 Group is dedicated to offering a vibrant, comfortable, and memorable stay. We uphold rigorous standards of hygiene, safety, and cleanliness, ensuring guest convenience and satisfaction.

## Management Discussion and Analysis

### 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 community initiatives, including the refurbishment of Hikkaduwa Station, 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.

### Group Performance

The Citrus Group of Hotels achieved a record revenue of Rs. 2,186 million this year, marking a substantial 35% increase from the previous year. This remarkable growth underscores the Group's strong market performance and operational success.

Occupancy rates across our properties varied, with Citrus Hikkaduwa reaching a total occupancy of 73%. Citrus Waskaduwa and Citrus Silver also demonstrated robust performance with occupancy levels of 63% and 72%, respectively. These figures reflect the continued popularity and demand for our diverse hotel offerings.

However, the financial landscape was challenging due to escalating costs. The Group faced significant increases in food, fuel, and energy expenses throughout the year. Additionally, the rise in Value-Added Tax (VAT) and further strained financial resources. To mitigate these rising costs and maintain service quality, the burden was partially transferred to customers through adjusted room tariffs. Despite these challenges, Citrus Hotels & Resorts remains committed to delivering exceptional experiences while navigating the economic pressures affecting the hospitality industry.

### 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.

Occupancy levels also saw a substantial rise, reaching 63% for the current financial year compared to 43% in the previous year. The increase in occupancy reflects the hotel's enhanced appeal and operational effectiveness.

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.

## Management Discussion and Analysis

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% from the previous year's 14,399 rooms. Conversely, sales to Russian, 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.

### Citrus Hikkaduwa

For the financial year 2023/2024, the hotel reported a revenue of Rs. 563 million, reflecting a 25% increase compared to the previous year's revenue of Rs. 450 million. This substantial growth highlights the hotel's successful operational strategies and market positioning.

The hotel's annual occupancy rate reached 73% during the current financial year, up from 61% in the previous year. This increase underscores the hotel's improved appeal and effectiveness in attracting guests.

Gross profit for the year amounted to Rs. 383 million, compared to Rs. 311 million in the previous year, marking a 23% year-on-year increase. Despite this growth, the gross profit margin slightly decreased to 68% from last year's 69%, showing a 1% reduction in margin.

Operating profit saw a decline compared to last year from Rs. 92 million in 2022/23 to Rs. 45 million in 2023/24. This 51% decrease in operating profit was primarily driven by higher admin and other operating expenses.

Room revenue also experienced a significant rise, totaling Rs. 340 million this year, compared to Rs. 274 million last year. This represents a 24% increase in room revenue, reflecting the hotel's stronger performance in room sales.

The hotel's EBITDA for the financial year was Rs. 92 million compared to Rs. 130 million in the previous year 2022/23. This 29% decrease in EBITDA highlights the increase of energy cost, food cost and increase in liquor prices (foreign) compared to previous year, which has significantly effected the decline in profit margin.

Seasonal occupancy rates were impressive, with an average occupancy of 91% during the peak season, up from 82% in the previous year, marking a 9% increase. In the off-season, the average occupancy rate improved to 56%, compared to 40% last year, reflecting a 16% increase in off-season performance.

Despite these positive results, the hotel industry faced challenges due to macroeconomic factors. Inflation rates significantly impacted operational costs, particularly for imported food products and liquor. Additionally, the increase in Excise Duty on imported liquor and the rise in VAT added financial pressure.

No renovations were completed during the 2023/2024 financial year. In terms of room sales, the hotel sold 24,155 rooms this year, a 21% increase from the 19,932 rooms sold last year. The highest number of rooms were sold to Russian guests, totaling 13,298 rooms up 28% from the previous year's 10,414 rooms. Conversely, sales to Middle Eastern guests decreased to 17 rooms from 26 last year, a reduction of 35%.

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

### Citrus Silver Limited

For the financial year 2023/2024, Citrus Silver Limited has delivered a commendable performance, marking significant advancements in revenue, occupancy, and profitability, despite facing external economic challenges. Citrus Silver Limited reported a robust revenue of Rs. 523 million for the financial year, a notable 23% increase from the Rs. 426 million recorded in the previous year. This substantial revenue growth is indicative of the hotel's successful

strategic initiatives and its strengthened market positioning. The increase can be attributed to enhanced marketing efforts, improved guest experiences, and effective operational strategies that have resonated well with our target market.

The hotel's occupancy rate surged to 72%, a considerable improvement from last year's 53%. This 19-percentage-point increase underscores the hotel's enhanced appeal and effectiveness in attracting guests. The increase in occupancy is reflected in the rise in room revenue, which saw a significant 59% increase, reaching Rs. 143 million compared to Rs. 90 million in the previous year. The hotel sold a total of 13,135 rooms, marking a 35% increase from the 9,700 rooms sold in the previous year. Notably, room sales to Indian guests rose by 75%, with 3,580 rooms sold compared to 2,048 rooms last year. This growth highlights the hotel's success in tapping into new markets and enhancing its appeal to international guests.

Gross profit for the year amounted to Rs. 309 million, up from Rs. 232 million in the previous year, reflecting a 33% increase. This resulted in a gross profit margin of 59%, up by 4 percentage points from the previous year. The improved margin illustrates effective cost control measures implemented by management, alongside higher revenue contributions.

Operating loss saw a significant reduction to Rs. 28 million from Rs. 49 million, marking a 42% decrease. This improvement is largely due to the increased revenue and enhanced operational efficiencies. The hotel's EBITDA, improved markedly to Rs. 47.9 million from Rs. 18.2 million the previous year. This 164% increase in EBITDA reflects enhanced operational performance and steps towards profitability.

## Management Discussion and Analysis

Despite the positive financial results, the hotel industry faced challenges due to macroeconomic factors. Inflationary pressures affected operational costs, particularly for imported food products and liquor. The increase in Excise Duty on imported liquor and the rise in VAT further compounded financial pressures. These factors presented hurdles in cost management but did not prevent Citrus Silver from achieving significant financial improvements.

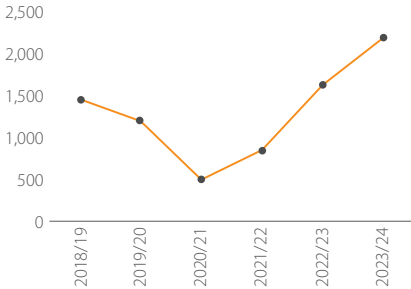
No building renovations were completed during the 2023/2024 financial year, indicating that resources were focused on optimizing existing operations rather than on new projects. Moving forward, Citrus Silver will continue to build on its operational successes and explore opportunities for future investments and renovations to maintain growth momentum.

Overall, Citrus Silver Limited has demonstrated a strong financial performance and significant operational improvements despite external economic pressures. The substantial increases in revenue, occupancy, and room sales, coupled with notable reductions in operating losses and enhanced EBITDA, reflect the hotel's strategic resilience and effective management. Looking ahead, the hotel remains well-positioned to navigate ongoing economic challenges while continuing its trajectory of growth and profitability.

## Financial Performance

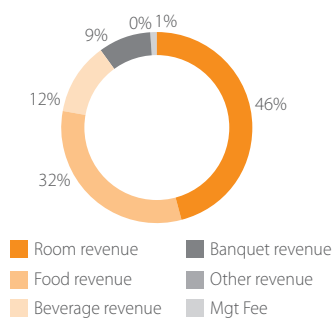
### Revenue

Rs. Mn.



Group revenue increased by 35% to Rs. 2,186 Mn during the year compared to previous financial year. Citrus Waskaduwa generated Rs. 1,091 Mn while Citrus Hikakduwa and Citrus Silver generated Rs. 563 Mn and Rs. 522 Mn respectively. The new additions to the group lotus tower also generated 11 Mn including management fee.

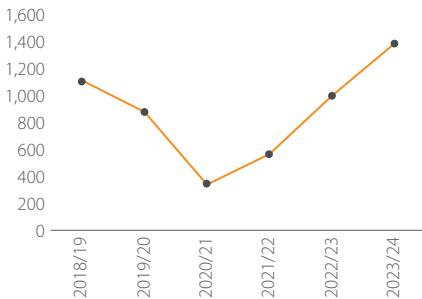
### Revenue Contribution



The hotels maintained better revenue and occupancy levels during the winter season from December to March compared to first eight months of the financial year. Citrus Hikakduwa reported 91% occupancy level during the season while Citrus Waskaduwa and Citrus Silver reported 87% and 72% respectively. However with the difficult first half of the financial year Citrus Hikakduwa posted 56%, Citrus Waskaduwa 46% and Citrus Silver 66% as their overall occupancy for the financial year 2023-24.

### Gross Profit

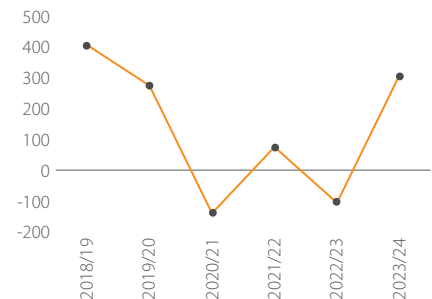
Rs. Mn.



Gross profit (GP) of the group increased by 39% compared to previous year mainly due to increase in revenue as stated above. Also the group has been able to increase the GP ratio compared to previous year even with the higher rate of inflation compared to last financial year mainly due to various steps taken by the hotel to minimise its cost without compromising its serving to the guests at this difficult time period.

### EBITDA

Rs. Mn.



The Group implemented stringent expense controls and cost optimization strategies across its Hotels to mitigate the impact of low revenues on group profitability. These measures resulted in improving the EBITDA margin from 9% to 3% compared to previous year. Concurrently, working capital management measures implemented through negotiations with suppliers and by securing loan facilities, particularly through the various relief measures extended by the Government and the Central Bank, assisted in managing liquidity.

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

The Board of Directors of Citrus Leisure PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 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

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

## Principal Activities

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

Principal activities of the subsidiaries / Associate are given on pages 90 to 92.

## Review of Operations

The management discussion and analysis covers the operations of the Company during the financial year under review on pages 11 to 19.

## 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 80 to 179.

## Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on pages 76 to 79.

## Accounting Policies

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 88 to 115 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

Ms. V S F Amunugama  
Mr. P V S Premawardhana  
Mr. J M B Pilmatalawwe  
Mr. S A Ameresekere

### Independent Directors

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

## 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.
- 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.
- 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/ Independent Non-Executive Director 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

Mr. S M A De Silva Sugathapala and Mr. P L P Withana retire in terms of Article 92 of the Articles of Association and being eligible are recommended by the Board for re-election.

### Recommendation for re-election of Directors who retire by rotation

Mr. R G Seneviratne and Mrs. V S F Amunugama retire by rotation in terms of Articles 85 and 86 of the Articles of Association and being eligible are recommended by the Board for re-election.

### Directors of the Subsidiary Companies as at 31st March 2024 and the changes in the Directorate

#### Hikkaduwa Beach Resort PLC

Mr. E P A Cooray  
 Mr. P C B Talwatte  
 Mr. S M A De Silva Sugathapala  
 Mr. R G Seneviratne  
 Mr. P V S Premawardhana  
 Mr. S D de Mel  
 Mr. S A Ameresekere

- 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.

#### Waskaduwa Beach Resort PLC

Mr. E P A Cooray  
 Mr. P C B Talwatte  
 Mr. R G Seneviratne  
 Ms. V S F Amunugama  
 Mr. J M B Pilimatalawwe  
 Mr. S D de Mel  
 Mr. S A Ameresekere

- 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
- 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.

#### Citrus Silver Ltd

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

- Mr. D S Jayaweera, Non-Executive Director resigned w.e.f. 13th September 2023.

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

### Citrus Vacations Limited

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

- Mr. D S Jayaweera, Non-Executive Director resigned w.e.f. 13th September 2023.
- Mr. E P A Cooray, ceased to be the Chairman/ Independent Non-Executive Director upon his demise on 23rd April 2024.

### Citrus Aqua Limited

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

- Mr. D S Jayaweera, Non-Executive Director resigned w.e.f. 13th September 2023
- Mr. E P A Cooray, ceased to be the Chairman/ Independent Non-Executive Director upon his demise on 23rd April 2024.

### Citrus LT (Pvt) Ltd

Citrus LT (Pvt) Ltd" is a Private Limited company which was incorporated under the Companies Act, No 07 of 2007 on 12th October 2023 under Company Registration No. PV 00286453, which is a fully owned subsidiary of Citrus Leisure PLC (Parent).

The Directors of Citrus LT (Pvt) Ltd as at 31st March 2024 consisted of the following:

Mr. P C B Talwatte  
Mr. S A Ameresekere  
Mr. P V S Premawardhana  
Mr. J M B Piliimalawwe

### 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 6 to 10.

### Board of Directors and Relevant Interest in Shares

The Board consists of nine Directors, comprising of two (02) Executive Directors and seven (07) 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 |
|--|--------------------------------|--------------------------------|
| 01 Mr. E P A Cooray  | 42,200                         | 42,200                         |
| 02 Mr. S D de Mel  | 100,000                        | 100,000                        |
| 03 Mr. P C B Talwatte  | Nil                            | Nil                            |
| 04 Mr. S M A De Silva Sugathapala                              | Nil                            | Nil                            |
| 05 Mr. R G Seneviratne   |                                |                                |
| <b>Shares held in the following manner</b>                     |                                |                                |
| Seylan Bank PLC / Mr. R G Seneviratne                          | 248,665                        | 248,665                        |
| Ms. K K Keshini Goonetilleke Seneviratne & Mr. R G Seneviratne | 5,900                          | 5,900                          |
| 06 Ms. V S F Amunugama   | 30,240                         | 30,240                         |
| 07 Mr. J M B Pilimalawwe                                       | Nil                            | Nil                            |
| 08 Mr. P V S Premawardhana                                     | Nil                            | Nil                            |
| 09 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 33.4.1 to the Financial Statements on page 171.

### Corporate Governance

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

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

The report on Corporate Governance is given on pages 36 to 65 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.

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

### Appraisal of Board Performance

The Board is aware that appraising their own performance periodically would enhance the understanding of the 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, Statements of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to Financial Statements appearing on pages 80 to 179 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 66.

### 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. 570,848/- is payable by the Company to the Auditors for the year under review. Rs. 415,000/- as audit fees and Rs. 155,848/- as non-audit fees respectively.

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.

### Group

Messrs Ernst & Young, Chartered Accountants also served as Auditors of all the subsidiary companies except Citrus Vacation Limited, whose Auditors are Messrs Tudor V Perera & Company, Chartered Accountants. Details of payments to the said Auditors on account of audit fees and for permitted non audit services, are set out in Note 08 to the Financial Statements on page 118.

### Stated Capital

The Stated Capital of the Company as at 31st March 2024 was Rs.3,256,172,662/- representing 267,229,723 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 given on page 182 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, 29 persons were in employment (26 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 Group with the movements during the year are given in financial statements on pages 84 to 85.

### Land Holdings

The Company does not hold any freehold land

### Property, Plant & Equipment

Details and movements of property, plant and equipment are given in Note 13 to the Financial Statements on pages 126 to 132.

### Investments

Details of the Company's quoted and unquoted investments as at 31st March 2024 are given in Note 18 to the Financial Statements on page 138.

### Donations

No Donations were made by the Company, while the donations made by the Group during the year amounted to Rs. 24,250/-.

### Dividends

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

### Board Sub Committees

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.

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

### Audit Committee

Audit Committee 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                    |

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 67 to 69.

### Remuneration Committee

The Remuneration 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. R Seneviratne      | - Independent Non-Executive Director | - Chairman of the Committee |
| Mr. S D De Mel         | - Independent Non-Executive Director | - Member                    |
| Mr. J M B Pilmatalawwe | - Non-Executive Director             | - Member                    |

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 70 to 71.

### Related Party Transactions Review 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                    |

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 72 to 73.

### 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 state 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 Group in the latest Audited Financial Statements as at 31st March 2023, which requires an additional disclosure in this Annual Report 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 the 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  |
|-----------------------------|--------------|---------------------------------|--|---|---|
| George Stuart & Company Ltd | Parent       | Loans obtained                  | 737,263,839  | 45%   | Interest is charged based on the market lending rate at different intervals on loans obtained. ( 12%, 28%, 14%, AWPLR+1.5 %, AWPLR+3%, AWPLR+0.85% and AWPLR 0.5% ) |
| Hikkaduwa Beach Resort PLC  | Subsidiary   | Funds Transferred (loans given) | 648,563,839  | 40%   | Interest is charge at 12%   |

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

### Right Issue - 2024

The objectives of the Rights Issue was to raise capital, by way of a Rights Issue to settle the borrowings / liabilities and for the subscription of shares of Hikkaduwa Beach Resorts PLC.

The Company has raised a sum of Rs.1,589,090,806.80 by way of a Rights Issue of 378,354,954 Ordinary Voting Shares in the proportion of One Hundred and Forty Three (143) New Ordinary Shares for every One hundred and one (101) Ordinary Shares held by the holders of Ordinary Voting Shares in the Company as at end of Trading on 28th March 2024 at a consideration of Rs.4.20 per share, which concluded on 24th April 2024.

Accordingly, the Stated Capital of the Company has increased from Rs. 3,256,172,662/- represented by 267,229,723 Ordinary Shares to Rs. 4,845,263,469/- represented by 645,584,677 Ordinary Shares, subsequent to the Rights Issue of shares and the said Shares was listed on the Colombo Stock Exchange on 10th May 2024.

The funds raised in the Rights Issue have utilized as tabulated below as at (09-05-2024)

| 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 outstanding related party loans of the company borrowed from GS & Co.   | 1,253,230,305                           | Immediately Upon allotment   | 1,253,230,305                             | 78.86%              | 1,253,230,305             | 100%                                   | N/A  |
| 2                | To raise the shortfall to meet the full subscription of Entitlement in the rights Issue of Hikkaduwa Beach Resort PLC (CITH)           | 181,200,674                             | Immediately Upon allotment of shares under the Rights issue of CITH                            | 181,200,674                               | 11.40%              | 181,200,674               | 100%                                   | N/A  |
| 3                | Subscribe to any additional shares required to raise the full amount under the Rights Issue of CITH upto a maximum of Rs.154,659,829/- | 154,659,829                             | Immediately Upon allotment of shares under the Rights issue of CITH                            | 21,101,752                                | 1.33%               | 21,101,752                | 100%                                   | N/A  |
| 4                | To retire non related party loans of the fully owned Subsidiary of the Company Citrus Silver Ltd upto a maximum of Rs.154,659,829/-    |   | within a period of 01 month from the allotment of shares under the Rights issue of the Company | 133,558,077                               | 8.40%               | 133,558,077               | 100%                                   | N/A  |

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

The Company's public holding percentage dropped below 20% as at 30th June 2024 consequent to subscription in the recently concluded rights issue, in addition to the entitlement, further shares under the additional category and being allotted proportionately under the said category.

The public holding percentage of the Company as at 30th June 2024 was 14.930%, and the Company was not in compliance with the minimum public holding requirement in terms of Rule 7.13.1(i)(a) of the CSE Listing Rules.

### 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 the statement of financial position, which require adjustments to or disclosure in the financial statements. Other than what is disclosed in Note no 32 to the financial statements

### Going Concern

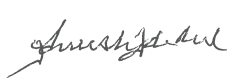
The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has resources to continue in business for the foreseeable future.

### Annual General Meeting

The Annual General Meeting of the Company will be held on 30th September 2024 at 11.15 a.m. at the Sri Lanka Foundation, Lecture Hall No 03, No 100, Padanam Mawatha, Independent Square, Colombo 07.

The Notice of the Annual General Meeting is on pages page on 185 of this Report.

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

29th August 2024  
Colombo

# Corporate Governance

## Our Governance Framework

### Regulatory Framework Assurance

Companies  
Act No. 7 of 2007

Listing Rules of the Colombo  
Stock Exchange (CSE)

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

Sri Lanka Accounting  
Standards (SLFRS/LKAS)

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 Hikkaduwa Beach Resort PLC (CITH). At CITH, 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, CITH'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 behavior 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.

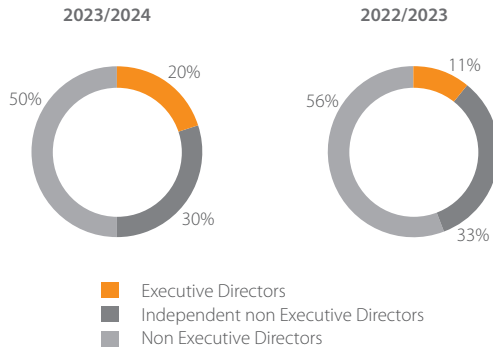


**Board of Directors**

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 | Yes          |
| Mr. P. C. B Talwatte             | Executive Director                            | No           |
| Mr. S. M. A De Silva Sugathapala | Executive Director                            | No           |
| Mr. R. Seneviratne               | Independent Non-Executive Director            | Yes          |
| Mr. P. V. S. Premawardhana       | Non Executive Director                        | No           |
| Mr. S. A. Ameresekere            | Non Executive Director                        | No           |
| Ms. V. S. F. Amunugama           | Non Executive Director                        | Yes          |
| Mr. J. M. B. Pilimatalawwe       | Non Executive Director                        | No           |
| Mr. S. D. De Mel                 | Independent Non-Executive Director            | Yes          |



## Corporate Governance

### 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.

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         | ✓          | 4/6               |
| Varuni Sonali Fernando Amunugama             | NED     | ✓          | ✓          | Ex         | ✓          | ✓          | ✓          | 5/6               |
| Janesh Manoj Bandara Pilmatalawwe            | NED     | ✓          | ✓          | ✓          | ✓          | ✓          | ✓          | 6/6               |
| Suresh Dayanath De Mel                       | NED/IND | ✓          | ✓          | ✓          | ✓          | ✓          | Ex         | 5/6               |
| Pathiranage Vasula Sanjeewa Premawardhana    | NED     | Ex         | Ex         | ✓          | ✓          | Ex         | ✓          | 3/6               |
| Sharvajana Anandaraj Ameresekere             | NED     | ✓          | ✓          | ✓          | ✓          | ✓          | ✓          | 6/6               |

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

## Corporate Governance

### 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 existenc 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;<br>(a) Nominations and Governance Committee<br>(b) Remuneration Committee<br>(c) Audit Committee<br>(d) Related Party Transactions Review Committee | The Board appointed, Remuneration Committee, Audit Committee and Related Party Transactions Review Committees are functioning effectively.                         | 1st October 2024             | Company would establish the Nominations and Governance Committee and be compliant on or before 1st October 2024 |
| 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  |

| Listing Rule No. | Corporate Governance Requirement   | Level of compliance  | Effective date of compliance | Status of compliance  |
|------------------|--|--|------------------------------|---|
| 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 |

## Corporate Governance

| 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  |

| Listing Rule No. | Corporate Governance Requirement   | Level of compliance   | Effective date of compliance             | Status of compliance |
|------------------|--|---|--|----------------------|
| 9.6.3            | The Company shall appoint an Independent Director as the SID in the following instances:<br>i. The positions of the Chairperson and CEO are held by the same individual.<br>ii. The Chairperson is an Executive Director.<br>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 are 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<br>-Minimum of 5 Directors<br>-minimum 2 or 1/3 of the directors whichever is high shall be independent directors.   | As of 31st March 2024, there were 9 directors, of whom three are independent non-executive directors<br><br>All Independent Non-Executive Directors have submitted their annual declarations confirming their independence. | 1st October 2024<br><br>1st October 2023 | Complied             |
| 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             |

## Corporate Governance

| Listing Rule No. | Corporate Governance Requirement   | Level of compliance   | Effective date of compliance | Status of compliance   |
|------------------|--|---|------------------------------|--|
| 9.10.1           | Company shall disclose its policy on the maximum number of directorships its 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             | Company would establish a Nominations and Governance Committee on or before 1st October 2024 |
| 9.12             | The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have a written Terms of Reference.  | There is a Remuneration Committee in place with a written Terms of Reference.   | 1st October 2023             | Complied   |



| Listing Rule No. | Corporate Governance Requirement   | Level of compliance  | Effective date of compliance | Status of compliance |
|------------------|--|--|------------------------------|----------------------|
| 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             |
| 9.12.6           | Functions and Composition of the Remuneration Committee<br>-Comprise a minimum of 3 Directors out of which a minimum of 2 shall be independent<br>- not consist of Executive Directors<br>- Chairperson to be an Independent Director. | Of the 3 members of the Remuneration Committee, two are independent non executive directors. Remuneration Committee Report provides required disclosures to this Annual Report.  | 1st October 2024             | Complied             |

## Corporate Governance

| Listing Rule No.  | Corporate Governance Requirement   | Level of compliance   | Effective date of compliance | Status of compliance |
|-------------------|--|---|------------------------------|----------------------|
| 9.13.1 and 9.13.2 | 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. | Currently there is no separate risk committee formed. The Board has decided to entrust the scope of the Risk Committee to the Audit Committee.<br>There is a written Terms of Reference for the Audit Committee.          | 1st October 2023             | Complied             |
| 9.13.3            | 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                                       | Out of 4 Non Executive Directors, 3 of them are independent Directors. No Executive Directors are on the Audit Committee.   | 1st October 2024             | Complied             |
|                   | 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 67 of the Annual report. |                              |                      |
|                   | 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.  |                              |                      |

| Listing Rule No. | Corporate Governance Requirement  | Level of compliance  | Effective date of compliance   | Status of compliance |
|------------------|---|--|--|----------------------|
| 9.13.3 contd.    | 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.   | 1st October 2024   | Complied             |
|                  | Where the parent and subsidiary are both listed the AC of the parent may be permitted to function as the AC of the subsidiary   | Not applicable   |  |                      |
|                  | 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.   |  |                      |
| 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 pages 67 to 69. | 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 is in place.   | 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.  | Not applicable  | 1st October 2024             | Complied             |
| 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 72 of the Annual report. | 1st October 2023             | Complied             |

| Listing Rule No. | Corporate Governance Requirement   | Level of compliance   | Effective date of compliance | Status of compliance |
|------------------|--|---|------------------------------|----------------------|
| 9.14.4<br>contd. | 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. | 1st October 2023             | Complied             |
|                  | 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.            |                              |                      |
|                  | 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.   |                              |                      |
|                  | 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             |
|                  | 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.   |                              |                      |

## Corporate Governance

| Listing Rule No. | Corporate Governance Requirement   | Level of compliance   | Effective date of compliance | Status of compliance |
|------------------|--|---|------------------------------|----------------------|
| 9.14.5<br>contd. | 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.   | 1st October 2023             | Complied             |
|                  | 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.  |                              |                      |
|                  | 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. |                              |                      |
| 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>Citrus Leisure PLC is headed by an effective board, which is responsible for the leadership, stewardship and governance of the Company. The Board of Directors comprises of,</p> <ul style="list-style-type: none"> <li>• Two Executive Directors (ED)</li> <li>• Three Non-Executive Independent Directors (NED/ID)</li> <li>• Four Non-Executive Non Independent Director (NED/ NID)</li> </ul>  |
| Board Meetings                 | A.1.1              | Compliant         | <p>Five (5) 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. The Board met on key matters of importance to the Company, including the approval of strategic and operating plans, capital expenditure, financial statements by giving due attention to accounting standards and policies, ensuring compliance with legal and ethical standards, ensuring effective risk management and audit systems and addressing matters that have a material effect on the Company</p> <p>Regularity of board meetings and the process of submitting information have been agreed and documented by the Board. Information reported on regular basis includes; but not limited to,</p> <ul style="list-style-type: none"> <li>• Financial and operating results for each quarter.</li> <li>• Key Performance Indicators.</li> <li>• Financial Performance compared to previous periods and budgets.</li> <li>• Forecasts for the future period.</li> <li>• Statutory Compliance.</li> <li>• Management Audit Report and Internal Audit Scope.</li> <li>• Details of Related Party Transactions.</li> <li>• Capital Expenditure Schedules</li> </ul> |

## Corporate Governance

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



| Corporate Governance Principal                         | Ref. to ICASL code | Compliance Status | Compliance Details   |
|--|--------------------|-------------------|--|
|  |                    |                   | <ul style="list-style-type: none"> <li>• 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.</li> <li>• Reviewing, monitoring and taking corrective action with regard to the achievement of the corporate strategies.</li> </ul> <p>Key decisions are reserved for the Board's approval and are not delegated to management. These include matters relating to the Group's strategy, approval of major acquisitions, disposals, capital expenditure, financial results and overseeing the Group's systems of internal control, governance and risk management. The Board delegates certain responsibilities to the management, to assist it in carrying out its functions of ensuring independent oversight.</p> |
| Compliance with Laws and access to Professional Advice | A.1.3              | Compliant         | <p>The Board acts in conformity with the laws of the country and the Board and the Audit Committee is tabled a compliance statement on statutory requirements on quarterly basis at the Board and Audit Committee meeting.</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>   |

## Corporate Governance

| Corporate Governance Principal          | Ref. to ICASL code | Compliance Status | Compliance Details  |
|---|--------------------|-------------------|---|
| Company Secretary                       | A.1.4              | Compliant         | P W Corporate Secretarial (Pvt) Ltd. functions as Secretaries to the Board. They ensure that appropriate Board processes are adopted, Board procedures and applicable rules and regulations adhered to and details and documents are made available to the Directors and Senior Management for effective decision making at the meetings. Further Company Secretary acts as the mediator between Directors, Auditors and Sub-committees of the Board facilitating the communication and information flow among above parties. |
| Directors' Independence                 | A.1.5              | Complaint         | The objectivity and independent judgment in all decisions of the Directors are established by ensuring that the Board acts unrestrictedly from undue influence of other parties or circumstances.   |
| Adequate time and effort from Directors | A.1.6              | Compliant         | Board of Directors dedicates adequate time and effort to discharge their duties and responsibilities owed to the Company. The Board papers are distributed to the Directors ahead of the meetings, providing the opportunity to call for additional information and clarifications before the meeting.<br><br>The Board has delegated the authority of directing the routine operations of the Company to the Executive Directors/CEO of the Company.   |
| Call for resolution to be presented     | A.1.7              | Compliant         | A Director may and the secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.   |
| Training for Directors                  | A.1.8              | Compliant         | Existing Directors are encouraged to improve their knowledge base and skills on a continuous basis and the newly appointed Directors are introduced to the Board and the Senior Management after induction sessions conducted on Governance Framework, Company's culture and values, business model and strategy, duties and responsibilities of the Directors, current laws and regulations applicable to the tourism and hotel industry and important matters that were discussed during prior meetings.                    |

| 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         | There is a clear separation between the role of the Chairman and the CEO, with regard to the duties and responsibilities ensuring a balance between the power and authority and that no one individual has unfettered powers of decision making. The Chairman has the authority over the Board proceedings whereas the CEO is in charge of the day-to-day operations of the Company.   |
|  |                    |                   | The Chairman preserves the effective performance of the Board and facilitates the effective discharge of Board functions by ensuring that Board proceeding are carried out in proper manner.   |
| Financial Acumen   | A.4                | Compliant         | The 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 Directors and seven non-executives Directors out of which three are Independent Directors and four non-independent Directors ensuring that no individual or small group can dominate the Board's decisions.   |
| 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. |

## Corporate Governance

| Corporate Governance Principal                                | Ref. to ICASL code   | Compliance Status | Compliance Details  |
|---|----------------------|-------------------|---|
| Number of Independent Directors                               | A.5.2                | Compliant         | The Board of Directors of the Company Comprises seven non-executive Directors out of which three are Independent and this composition was maintained throughout the year.   |
| Independence of Non-Executive Directors                       | A.5.3, A.5.4 & A.5.5 | Compliant         | The presence of Non-executive Independent Directors enables independent judgment. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted a declaration confirming their Independence as at 31st 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 to 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 finance period 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.  |
| Interactions between the Chairman and Non-executive Directors | A.5.9                | Compliant         | The Chairman holds meetings with the Non-executive Directors, without the presence of the Executive Directors as and when necessary.  |
| Minutes on Directors concerns                                 | A.5.10               | Compliant         | Any concerns of Directors on matters of the Company that cannot be unanimously resolved will be recorded in Board Minutes, as and when such concern arises.   |
| Supply of Information   | A.6                  | Compliant         | The Board is provided with timely information on a regular basis as well as ad hoc reports and information as and when it is requested from the management.   |

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

## Corporate Governance

| Corporate Governance Principal                                      | Ref. to ICASL code | Compliance Status | Compliance Details   |
|---|--------------------|-------------------|--|
| Disclosure of new Board Appointments                                | A.7.3              | Compliant         | Shareholders must formally approve all new appointments at the first opportunity after their appointment, as provided by the Articles of Association of the Company; subsequently to the submission of a brief resume, nature of expertise, details about directorships in other companies, and the independence of a new Director, to the shareholders.               |
| Re-election   | A.8                | Compliant         | One third of the Directors shall retire at each AGM and eligible for the re-election.  |
| Approval from shareholders for election and reelection of Directors | A.8.1 & A.8.2      | Compliant         | All Directors including the Chairman over the age of seventy years and the Directors retiring by rotation in terms of the Articles of Association of the Company, submit themselves to be re-elected at the AGM to be held on the 26th of September 2024 by the shareholders and the proposals for re-election are specified in Notice of Meeting section on page 185. |
| Resignation   | A.8.3              |                   | Refer 'Appointment, Re-election and Resignation of Directors' in the Annual Report of the Board of Directors Page 20 to 22.  |
| Appraisal of Board Performance                                      | A.9                |                   | Performance of the Board is evaluated from time to time with at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually coordinated by the Company Secretary and overseen by the Chairman.  |

| Corporate Governance Principal  | Ref. to ICASL code          | Compliance Status | Compliance Details   |
|---|-----------------------------|-------------------|--|
| 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"> <li>• Strategic planning and risk management.</li> <li>• Effectiveness of decision making.</li> <li>• Succession planning.</li> <li>• Composition, skills, balance, experience and diversity.</li> <li>• Culture and quality of contributions.</li> <li>• Resources of meetings, agenda planning and quality of information and papers.</li> <li>• Corporate Governance, regulatory compliance and support.</li> <li>• Evaluation of individual performance and scope of improvement.</li> <li>• Committee effectiveness and communication to the Board.</li> </ul> |
| 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.   |
| Appraisal of CEO  | A.11                        | Complied          | Assessing the performance of the CEO is done annually.   |
| Short, medium and long term objective and evaluation of CEO's performance     | A.11.1 & A.11.2             | Complied          | The Board sets out the short, medium and long term, financial and non-financial objectives at the commencement of each financial year, and evaluates the performance of the CEO in respect of the achievement of such set targets.   |
| Remuneration Procedure  | B.1                         | Compliant         | The Company has established a formal and transparent procedure for developing policy on executive and Directors' remuneration.   |

## Corporate Governance

| Corporate Governance Principal   | Ref. to ICASL code          | Compliance Status | Compliance Details   |
|--|-----------------------------|-------------------|--|
| Remuneration Committee, its composition and access to professional advice on determining the remuneration of Executive Directors | B.1.1, B.1.2, B.1.3 & B.1.5 |                   | <p>Citrus Leisure PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board.</p> <p>The Remuneration Committee of the Group consists exclusively of Non-Executive Directors as prescribed by the Code of Best Practice, out which of (03) Non-Executive Directors, two (02) of whom are Independent</p> <p>Mr. R G Seneviratne - (IND/NED) - Chairman<br/>                     Mr. S D de Mel - (IND/NED)<br/>                     Mr. J M B Pilimatalawwe-(NED)</p> <p>The Group Head of Finance assists the committee by providing the relevant information and participating in the analysis and deliberations, in addition to the consultations done by the Remuneration Committee from the Chairman, on proposals relating to the remuneration of Executive Directors. Further the Remuneration Committee is provided the access to professional advice on such proposal whenever it is necessary.</p> <p>The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors.</p> <p>The Remuneration Committee met four (4) times during the financial year.</p> |
| Executive Share Options  | B.2.5                       | Not Applicable    | This section is not applicable to the Group as, there were no share option schemes in effect during the financial period under review.   |
| Remuneration Policy  | B.2.6                       | Compliant         | The details of the remuneration policy have been set out in the Remuneration Committee Report on pages 70 to 71.   |



| 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 171 under the note 33.4.1 as a part of the financial statements of this report.  |
| Constructive use of the AGM and General Meetings   | C.1                | Compliant         | The Company uses the AGM to effectively communicate and enhance the relationship with shareholders.   |
| Constructive use of the AGM and General Meetings   | C.1.1 – C.1.5      | Compliant         | <p>The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing the voting process at the meeting, and other relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders within the time frame stipulated in the relevant statutes.</p> <p>Separate resolutions shall be proposed for each substantially separate issue, including a resolution for the adoption of the report and the accounts.</p> |
| Communication with Shareholders                    | C.2                | Compliant         | The Board has implemented effective communication with shareholders.  |

## Corporate Governance

| Corporate Governance Principal   | Ref. to ICASL code | Compliance Status | Compliance Details  |
|--|--------------------|-------------------|---|
| Communication with Shareholders  | C.2.1 – C.2.7      | Compliant         | <p>P W Corporate Secretarial (Pvt) Ltd. functions as Secretaries of the Company, and the shareholders are provided a channel to communicate with the Board/individual Directors effectively via the Company Secretaries.</p> <p>All matters in relation to shareholders should be communicated to the Company Secretary.</p> <p>The Company Secretary shall maintain all correspondence with the shareholders and disseminate timely responses to the shareholders.</p>   |
| Major and Material Transactions  | C.3                | Compliant         | Refer the Annual Report of the board of directors of the affairs of the company on pages 20 to 29.  |
| 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> |
| The Board's responsibility on interim and other price sensitive public reports and reports to regulators | D.1.2              | Compliant         | The Board ensures that the Interim Financial Statements submitted to the CSE as per listing requirements and other public reports/ reports submitted regulators present a balanced and understandable assessment of Company's performance.  |

| Corporate Governance Principal  | Ref. to ICASL code | Compliance Status | Compliance Details  |
|---|--------------------|-------------------|---|
| Directors' responsibility for preparation and presentation of Financial Statements                                      | D.1.3              | Compliant         | The Annual Report of the Directors as well as the Independent Auditors' Report declares the responsibility of the Board for the preparation and presentation of Financial Statements. The Consolidated Financial Statements of the company were audited by Messrs Ernst and Young, Chartered Accountants.   |
| Annual Report of the Directors  | D.1.4              | Compliant         | The Annual Report of the Board of Directors sets out the, <ul style="list-style-type: none"> <li>a. Compliance with laws and regulations.</li> <li>b. Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007.</li> <li>c. Equitable treatment to shareholders.</li> <li>d. Directors have complied with best practices of Corporate Governance.</li> <li>e. Property, plant and equipment of the Company are reflected at their fair value.</li> <li>f. Appropriateness of the Company's Internal Control system.</li> <li>g. The business is a going concern.</li> </ul> |
| 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 66 of the Annual Report.  |
| Management Discussion Analysis  | D.1.6              | Compliant         | The "Management Discussion Analysis" of this Annual Report contain, among other issues; <ul style="list-style-type: none"> <li>Industry Review (Pages 11 to 13)</li> <li>Risk Management (Pages 74 to 75)</li> <li>Corporate Governance (Pages 30 to 65)</li> <li>Stakeholder Relationships (Pages 13 to 14)</li> <li>Financial Performance (Pages 15 to 19)</li> <li>Prospects for the future (Page 15)</li> </ul>   |

## Corporate Governance

| Corporate Governance Principal           | Ref. to ICASL code | Compliance Status | Compliance Details  |
|--|--------------------|-------------------|---|
| 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         | <p>The Related Party Transactions Review Committee, which is a subcommittee of the Board, is responsible for review and disclosure of Related Party Transactions.</p> <p><b>Related Party Transactions Review Committee</b></p> <p>The Related Party Transactions Review Committee consists of three non-executive Directors out of which two are Independent Non Executive Directors. Please Refer Page 72.</p> <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 &amp; Exchange Commission.</p> <p>A report of the Related Party Transactions Review Committee is given on pages 72 to 73.</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 33 to the Financial Statements.</p> |

| 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 67 to 69 and 74 to 75 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>  |

## Corporate Governance

| Corporate Governance Principal   | Ref. to ICASL code | Compliance Status | Compliance Details   |
|--|--------------------|-------------------|--|
| Responsibilities of the Directors in maintaining a sound system of Internal Controls | D.2.5              | Compliant         | The "Statement of Directors Responsibility" on page 66 provides the declaration made by Directors accepting the responsibility to ensure that the Company is equipped with a sound system of internal controls.  |
| Audit Committee  | D.3                | 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 three are Independent Non Executive Directors. Please refer page 67.</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 67 to 69. 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 67 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 67 to 69 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 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 72.  |
| 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 72 to 73.  |
| 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         | The Corporate Governance section of the annual report from pages 30 to 65 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.<br><br>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. |
| Structured dialogue with shareholders                                    | E.1.1              | Compliant         | A regular and structured dialogue shall be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman.  |
| Evaluation of governance disclosures by institutional investors          | E.2                | Compliant         | Institutional investors are being encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition.  |
| 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.   |

## Corporate Governance

| Corporate Governance Principal                                 | Ref. to ICASL code | Compliance Status | Compliance Details  |
|--|--------------------|-------------------|---|
| "Board's responsibility on Cybersecurity"                      | G.1                | Compliant         | The Board regularly monitors the latest developments in the field of IT and conducts discussions on how such developments can be utilized to enhance the efficiency and the effectiveness of the hotel operations and to enhance the guest experience. Further, the Board investigates on cybersecurity risks that may affect the business. Additionally, IT General and Application controls have been designed and implemented to ensure the security of confidential information.    |
| Chief Information Security Officer (CISO)                      | G.2                | Compliant         | The Board has appointed an IT Manager located at the Head Office who is in charge of Cybersecurity Risk Management. IT Manager is a qualified IT professional and possesses necessary competence to ensure the Cybersecurity. IT Manager provides necessary information with regard to Cybersecurity and is responsible for the development of IT Budget and Risk Management policies of the Company, which will subsequently be evaluated and approved by the Board to be implemented. |
| Board meeting agenda for discussions on cyber risk management. | G.3                | Compliant         | Relevant risks are setout in the Internal Audit Report and same is reported to the Audit Committee. High risk matters are referred to the Board for further actions.  |
| Effectiveness of the Cybersecurity Risk Management System      | G.4                | Compliant         | An Annual Information Risk Management audit is carried out by an independent third party, and identified issues are reported through the Management Letter.   |
| Disclosure on Cybersecurity Risk Management                    | G.5                | Compliant         | Risk Management Report" set in pages 74 to 75 provides a detailed explanation of cybersecurity risks faced by Citrus Leisure PLC and risk management strategies.  |
| Environment, Society and Governance                            | H                  | To be complied    |   |



| 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 pages 20 to 22  |
| iii)  | The names and the numbers of shares held by the 20 largest voting and non-voting shareholders and percentages  | Complied | Please refer page 183  |
| iv)   | The Public Holding percentage  | Complied | Please refer page 182  |
| 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 184  |
| vi)   | Information pertaining to material foreseeable risk factors of the entity  | Complied | Please refer pages 74 to 75  |
| 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 on 130 to 134                                     |
| ix)   | Number of shares representing the entity's stated capital  | Complied | Please refer page 147  |
| 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 182  |
| xi)   | Following ratios and market price information.   |          |  |
|       | 1. Dividend per share  | Complied | Please refer page 180  |
|       | 2. Dividend pay out  |          | Please refer page 180  |
|       | 3. Net asset value per share   |          | Please refer page 180  |
|       | 4. Market value per share highest and the lowest value recorded.   |          | Please refer page 182  |
|       | Value as at the end of the year  |          |  |

## Corporate Governance

| Listing Rule No. | Subject  | Status   | Reference   |
|------------------|--|----------|---|
| 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 12 to 13 the Financial statement on page 125 to 132 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 30 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 |   |

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

| Principal | Description | Comment | Compliance Status |
|-----------|-------------|---------|-------------------|
|-----------|-------------|---------|-------------------|

**Section 168 – Contents of Annual Report**

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

# Statement of Directors' Responsibility

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

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 78 to 79 of the Annual Report.

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

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

The Directors consider that in preparing these Financial Statements set out on pages 80 to 179, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are also confident that the Company has adequate resources to continue in operation

and have applied the going concern basis in preparing these Financial Statements.

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

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

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

## Compliance Report

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

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

By Order of the Board of  
CITRUS LEISURE PLC



P W Corporate Secretarial (Pvt) Ltd  
Secretaries

29th August 2024  
Colombo.

# Audit Committee Report

## Composition of the Committee

The Audit Committee 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.

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

## Meetings

The Committee met five times during the period under review.

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.

## Audit Committee Report

### 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 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

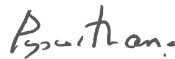
the approval of the shareholders at the next Annual General Meeting. A full breakdown of the audit and non-audit related fees are set out in Note No 8 to the Consolidated Financial Statements on page 118.

#### 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

29th August 2024  
Colombo

# Remuneration Committee Report

## Composition of the Committee

The Remuneration 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. R 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                    |

Changes in the sub committee as at reporting date:

- Mr. J M B Pilimatalawwe, 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.

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

## Meetings

The Committee met four times during the financial year under review.

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 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 Pilimatalawwe        | 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 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 Seneviratne

Chairman - Remuneration Committee

29th August 2024  
Colombo

# Related Party Transactions Review Committee Report

## 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-Independent 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.

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

## 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<br>(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.

### 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.

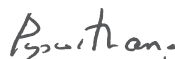
Further all related party transactions are in accordance with Sri Lanka Accounting Standard 24 (LKAS 24) are disclosed under Note No. 33 to the Financial Statements.

### Key Management Personnel

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

### Declaration

A Declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 27 of the Annual Report.



### P L P Withana

Chairman - Related Party Transactions Review Committee

29th August 2024  
Colombo

# Risk Management

Hikkaduwa Beach Resort PLC acknowledges that operating a business involves both risk and reward. The Group management believes that in order to ensure reward, risk needs to be managed effectively. The risk framework involves risk identification, risk assessment and risk mitigation.

Risk is the probability of an undesirable outcome occurring due to a chosen activity or action. The process of identifying potential risks and developing strategies to mitigate those risks is known as Risk Management. The benefit of identifying, managing and mitigating risks is critical for the Group's diverse interests in the hospitality industry. Listed below are some of the risks and risk mitigation strategies used by Hikkaduwa Beach Resort PLC:

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

| Risk   | Mitigation Strategies   |
|--|---|
| <p><b>7. Credit Risk</b></p> <p>Risk of loss arising from debtors' inability to meet their financial obligations on time.</p>        | <ul style="list-style-type: none"> <li>Comprehensive credit policies and procedures are in place to verify the creditworthiness and determine the potential credit risk associated with a client.</li> <li>Regular follow-up on debtors</li> </ul>  |
| <p><b>8. Cyber Risk</b></p> <p>All significant processes are supported by one or many Internet driven services</p>                   | <ul style="list-style-type: none"> <li>Well-defined group-wide cyber security incident response process.</li> <li>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.</li> </ul>   |
| <p><b>9. Air Travel Fare Increase Risk</b></p> <p>Increase of Air Fare and Other fees significantly impact the Hotel Industry</p>    | <ul style="list-style-type: none"> <li>Enhanced Loyalty Programs can encourage guests to return, regardless of airfare fluctuations. Offer points, discounts or perks.</li> <li>Discount for Extended stays</li> <li>Flexible Booking Policies for Groups</li> <li>Create value added packages.</li> <li>Government intervention can help to subsidize Air Travel, especially for routes that are critical to tourism.</li> <li>Regulation of Airfare Pricing.</li> </ul>   |
| <p><b>10. Geopolitical Risk</b></p> <p>Risk of loss arising from debtors' inability to meet their financial obligations on time.</p> | <ul style="list-style-type: none"> <li>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 &amp; Ukrainian tourists.</li> <li>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.</li> <li>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</li> <li>Loss of high spending tourists, especially Russian, who usually spend on luxury accommodation.</li> </ul> |
| <p><b>11. Domestic Political Risk</b></p>  | <ul style="list-style-type: none"> <li>Election Year for Sri Lanka</li> </ul>   |

# Independent Auditor's Report



**Building a better  
working world**

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## TO THE SHAREHOLDERS OF CITRUS LEISURE PLC

### Report on the audit of the Consolidated Financial Statements Opinion

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

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 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 Group 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 Sultaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeevani 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 FCA FCMA 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 Shakhthivel B.Com (Sp), W D P L Perera ACA

A member firm of Ernst & Young Global Limited



| Key Audit Matter   | How our audit addressed the key audit matter  |
|--|---|
| <p><b>Assessment of impairment of investment in associate</b></p> <p>As at 31 March 2024, the Group's Investment in associate amounted to Rs. 2,244 Mn which represents 21% of the total assets of the Group.</p> <p>As disclosed in Note 18, an assessment of impairment was carried out by the management to ascertain the recoverable amount of the investment in associate.</p> <p>The assessment of impairment of investment in associate was identified as a key audit matter due to;</p> <ul style="list-style-type: none"> <li>• Materiality of the reported investment in associate balance; and</li> <li>• Degree of assumptions, judgements and estimation uncertainties associated with assessing fair value</li> <li>• Key areas of significant judgements, estimates and assumptions used in assessing fair value included judgements involved in ascertaining the appropriateness of valuation techniques and valuation of the leasehold right held by the associate, as disclosed in Note 18 to the financial statements</li> </ul>          | <p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's process of assessing impairment of investment in associate together with management assessment over lease rights held by the investee.</li> <li>• Assessed the competence, capability and objectivity of the external valuer engaged by the Group</li> <li>• Read the external valuer's report and understood the key estimates made and the approach taken by the valuer</li> <li>• Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer including judgements involved in ascertaining the appropriateness of valuation techniques and valuation of lease rights held by the associate</li> </ul> <p>We have also assessed the adequacy of the disclosures made in Note 18 to these financial statements.</p> |
| <p><b>Assessment of fair value of land and buildings:</b></p> <p>Property, Plant and Equipment and Investment Property include land and buildings carried at fair value.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• Materiality of the reported land &amp; buildings balances which amounted to Rs. 7,580 Mn and represents 70% of the total assets</li> <li>• 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.</li> </ul> <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 and 14, included judgements involved in ascertaining the appropriateness of valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> <li>• Estimate of per perch price of the land</li> <li>• Estimate of the per square foot rate of the buildings</li> </ul> | <p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> <li>• Assessed the competency, capability and objectivity of the external valuer engaged by the Group.</li> <li>• 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</li> <li>• 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</li> <li>• We have also assessed the adequacy of the disclosures made in notes 13 and 14 to the financial statements.</li> </ul>   |

# Independent Auditor's Report



| Key Audit Matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Interest Bearing Borrowings:</b></p> <p>As disclosed in note 27 the Group's total interest-bearing loans and borrowings amounted to Rs. 3,915 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 27.2.</p> <p>We selected the interest-bearing loans and borrowings as a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the magnitude of the interest bearing borrowings, and</li> <li>appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the financial statements</li> </ul> | <p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> <li>We obtained an understanding of the term of repayments and covenants attached to external borrowings, by reading the loan agreements.</li> <li>We obtained direct confirmation from financial institutions for outstanding amounts as of the reporting date.</li> <li>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.</li> </ul> <p>We have also assessed the adequacy of the disclosures made in note 27 and note 36.4 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.

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from



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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with 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

| Year Ended 31 March                         | Note | Group                |                        | Company             |                     |
|---|------|----------------------|------------------------|---------------------|---------------------|
|   |      | 2024<br>Rs.          | 2023<br>Rs.            | 2024<br>Rs.         | 2023<br>Rs.         |
| Revenue from contracts with customers       | 5    | 2,186,308,113        | 1,625,242,078          | 101,334,775         | 62,393,389          |
| Cost of sales                               |      | (804,107,482)        | (628,386,257)          | -                   | -                   |
| <b>Gross profit</b>                         |      | <b>1,382,200,630</b> | <b>996,855,821</b>     | <b>101,334,775</b>  | <b>62,393,389</b>   |
| Other income and gains                      | 6    | 29,732,576           | 12,932,065             | 3,773,115           | 1,792,932           |
| Selling and marketing expenses              |      | (77,871,460)         | (55,577,626)           | (2,811,663)         | -                   |
| Administrative expenses                     |      | (621,192,115)        | (583,326,832)          | (56,524,907)        | (51,103,502)        |
| Other operating expenses                    |      | (777,548,395)        | (647,887,922)          | (75,197,819)        | (45,692,583)        |
| Change in fair value of investment property | 14   | -                    | 62,770,700             | -                   | -                   |
| <b>Operating profit /(loss)</b>             |      | <b>(64,678,763)</b>  | <b>(214,233,794)</b>   | <b>(29,426,499)</b> | <b>(32,609,764)</b> |
| Finance costs                               | 7.1  | (747,385,867)        | (920,454,211)          | (112,649,478)       | (48,042,090)        |
| Finance income                              | 7.2  | 11,237,033           | 10,468,914             | 82,038,390          | 39,343,226          |
| Share of profit of associate                | 18   | 72,312,263           | (158,004,779)          | -                   | -                   |
| Impairment of associate                     | 18   | -                    | -                      | -                   | -                   |
| <b>Loss before tax</b>                      | 8    | <b>(728,515,334)</b> | <b>(1,282,223,870)</b> | <b>(60,037,587)</b> | <b>(41,308,628)</b> |
| Tax reversal/(expense)                      | 9    | (117,642,353)        | (155,039,290)          | (925,183)           | (23,980)            |
| <b>Loss for the year</b>                    |      | <b>(846,157,687)</b> | <b>(1,437,263,160)</b> | <b>(60,962,770)</b> | <b>(41,332,608)</b> |
| <b>Loss attributable to:</b>                |      |                      |                        |                     |                     |
| Equity holders of the parent                |      | (672,699,965)        | (1,133,778,971)        | (60,962,770)        | (41,332,608)        |
| Non-controlling interests                   |      | (173,457,723)        | (303,484,189)          | -                   | -                   |
|   |      | <b>(846,157,687)</b> | <b>(1,437,263,160)</b> | <b>(60,962,770)</b> | <b>(41,332,608)</b> |
| <b>Basic/Diluted loss per share</b>         | 10   | <b>(2.52)</b>        | <b>(4.24)</b>          | <b>(0.23)</b>       | <b>(0.15)</b>       |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 88 through 179 form an integral part of these financial statements.

## Statement of Comprehensive Income

| Year Ended 31 March  | Note | Group                |                        | Company             |                     |
|--|------|----------------------|------------------------|---------------------|---------------------|
|  |      | 2024<br>Rs.          | 2023<br>Rs.            | 2024<br>Rs.         | 2023<br>Rs.         |
| Loss for the year  |      | (846,157,687)        | (1,437,263,160)        | (60,962,770)        | (41,332,608)        |
| Other comprehensive income/(loss)  |      |                      |                        |                     |                     |
| Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods |      |                      |                        |                     |                     |
| Revaluation of land and buildings  | 13.1 | 888,687,171          | 196,093,252            | -                   | -                   |
| Deferred tax effect on revaluation of land and buildings   | 19.1 | (607,529,125)        | (144,629,184)          | -                   | -                   |
| Actuarial losses on defined benefit plan   | 26.1 | (5,353,175)          | 3,657,078              | (3,854,929)         | (99,918)            |
| Income tax effect on defined benefit plan  | 19.1 | 1,374,657            | (1,103,119)            | 925,183             | 23,980              |
| Share of other comprehensive income of associate   | 18.1 | 335,175              | 419,970                | -                   | -                   |
| <b>Other Comprehensive Income/(loss) for the year, net of tax</b>                                |      | <b>277,514,702</b>   | <b>54,437,997</b>      | <b>(2,929,746)</b>  | <b>(75,938)</b>     |
| <b>Total Comprehensive loss for the year, net of tax</b>   |      | <b>(568,642,986)</b> | <b>(1,382,825,163)</b> | <b>(63,892,516)</b> | <b>(41,408,546)</b> |
| <b>Total comprehensive loss attributable to:</b>   |      |                      |                        |                     |                     |
| Equity holders of the parent   |      | (462,700,220)        | (1,097,642,741)        | (63,892,516)        | (41,408,546)        |
| Non-controlling interests  |      | (105,942,767)        | (285,182,423)          | -                   | -                   |
|  |      | <b>(568,642,986)</b> | <b>(1,382,825,163)</b> | <b>(63,892,516)</b> | <b>(41,408,546)</b> |

Figures in brackets indicate deductions.

The accounting policies and notes on pages 88 through 179 form an integral part of these financial statements.

## Statement of Financial Position

| As at 31 March                                      | Note | Group                 |                      | Company              |                      |
|---|------|-----------------------|----------------------|----------------------|----------------------|
|   |      | 2024<br>Rs.           | 2023<br>Rs.          | 2024<br>Rs.          | 2023<br>Rs.          |
| <b>ASSETS</b>                                       |      |                       |                      |                      |                      |
| <b>Non-current assets</b>                           |      |                       |                      |                      |                      |
| Property, plant and equipment                       | 13   | 7,194,582,208         | 6,472,158,137        | 3,324,392            | 3,679,387            |
| Investment properties                               | 14   | 639,266,966           | 639,266,966          | -                    | -                    |
| Right-of-use assets                                 | 15   | 148,546,582           | 210,881,428          | 54,857,749           | 59,482,985           |
| Intangible assets                                   | 16   | 303,539               | 1,154,879            | -                    | 183,728              |
| Investments in subsidiaries                         | 17   | -                     | -                    | 3,551,794,476        | 3,551,794,376        |
| Investment in associate                             | 18   | 2,243,671,213         | 2,171,023,775        | -                    | -                    |
| Other receivables - related parties                 | 21   | -                     | -                    | 1,006,089,262        | 264,198,048          |
| Deferred tax asset                                  | 19   | 34,108,468            | 36,157,123           | -                    | -                    |
|   |      | <b>10,260,478,977</b> | <b>9,530,642,308</b> | <b>4,616,065,879</b> | <b>3,879,338,524</b> |
| <b>Current assets</b>                               |      |                       |                      |                      |                      |
| Inventories   | 20   | 68,170,476            | 61,315,651           | -                    | -                    |
| Trade and other receivables                         | 21   | 343,358,291           | 220,216,342          | 112,459,792          | 44,844,841           |
| Advances and prepayments                            | 22   | 39,261,870            | 49,239,946           | 3,437,170            | 3,503,479            |
| Other current financial assets                      | 23   | 8,533,179             | 6,049,683            | -                    | -                    |
| Tax receivables                                     |      | 11,337,603            | 14,500,035           | 4,303,600            | 7,085,573            |
| Cash and bank balances                              | 24   | 112,053,915           | 110,226,152          | 20,049,318           | 43,018,869           |
|   |      | <b>582,715,333</b>    | <b>461,547,810</b>   | <b>140,249,880</b>   | <b>98,452,762</b>    |
| <b>Total assets</b>                                 |      | <b>10,843,194,309</b> | <b>9,992,190,118</b> | <b>4,756,315,758</b> | <b>3,977,791,286</b> |
| <b>EQUITY AND LIABILITIES</b>                       |      |                       |                      |                      |                      |
| <b>Capital and reserves</b>                         |      |                       |                      |                      |                      |
| Stated capital                                      | 25   | 3,256,172,662         | 3,256,172,662        | 3,256,172,662        | 3,256,172,662        |
| Revaluation reserve                                 |      | 1,829,640,172         | 1,615,511,089        | -                    | -                    |
| Retained earnings                                   |      | (3,236,783,178)       | (2,559,953,877)      | (156,715,646)        | (92,823,130)         |
| <b>Equity attributable to owners of the company</b> |      | <b>1,849,029,655</b>  | <b>2,311,729,874</b> | <b>3,099,457,016</b> | <b>3,163,349,532</b> |
| Non-controlling interests                           |      | 943,274,292           | 1,049,217,059        | -                    | -                    |
| <b>Total Equity</b>                                 |      | <b>2,792,303,947</b>  | <b>3,360,946,933</b> | <b>3,099,457,016</b> | <b>3,163,349,532</b> |

| As at 31 March                        | Note | Group                 |                      | Company              |                      |
|---------------------------------------|------|-----------------------|----------------------|----------------------|----------------------|
|                                       |      | 2024                  | 2023                 | 2024                 | 2023                 |
|                                       |      | Rs.                   | Rs.                  | Rs.                  | Rs.                  |
| <b>Non-current liabilities</b>        |      |                       |                      |                      |                      |
| Deferred tax liability                | 19   | 1,376,903,529         | 655,455,310          | -                    | -                    |
| Retirement benefit obligation         | 26   | 59,749,295            | 48,661,521           | 20,497,398           | 14,823,040           |
| Interest bearing loans and borrowings | 27   | 2,599,169,463         | 3,221,934,155        | -                    | -                    |
| Advance received for leasehold rights | 28   | -                     | -                    | 152,398,961          | 154,191,893          |
| Lease liabilities                     | 29   | 5,967,575             | 79,226,019           | -                    | 5,304,380            |
| Other payables                        | 30   | -                     | -                    | 19,327,413           | 16,539,906           |
|                                       |      | <b>4,041,789,862</b>  | <b>4,005,277,005</b> | <b>192,223,772</b>   | <b>190,859,219</b>   |
| <b>Current liabilities</b>            |      |                       |                      |                      |                      |
| Trade and other payables              | 30   | 2,581,181,855         | 1,532,479,986        | 1,447,638,200        | 605,985,311          |
| Interest bearing loans and borrowings | 27   | 1,316,350,907         | 869,536,693          | 12,043,184           | 13,494,526           |
| Lease liabilities                     | 29   | 86,207,985            | 85,357,098           | 4,953,585            | 4,102,698            |
| Contract liabilities                  | 31   | 25,359,751            | 138,592,403          | -                    | -                    |
|                                       |      | <b>4,009,100,499</b>  | <b>2,625,966,180</b> | <b>1,464,634,969</b> | <b>623,582,535</b>   |
| <b>Total Equity and Liabilities</b>   |      | <b>10,843,194,309</b> | <b>9,992,190,118</b> | <b>4,756,315,758</b> | <b>3,977,791,286</b> |

It is certified that the financial statements have been prepared in compliance with the 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 179 form an integral part of these financial statements.

30th August 2024  
Colombo

## Statement of Changes in Equity

| Group  | Note | Attributable to equity holders of the parent |                      |                        |                      | Non Controlling Interest | Total Equity         |
|--|------|--|----------------------|------------------------|----------------------|--------------------------|----------------------|
|  |      | Stated Capital                               | Revaluation Reserve  | Retained Earnings      | Total                |                          |                      |
|  |      | Rs.  | Rs.                  | Rs.                    | Rs.                  | Rs.                      | Rs.                  |
| Balance as at 01 April 2022  |      | 3,256,172,662                                | 1,581,653,876        | (1,428,453,925)        | 3,409,372,613        | 1,334,399,482            | 4,743,772,095        |
| Adjustment on changes to non-controlling interest in subsidiaries                |      | -  | -                    | -                      | -                    | -                        | -                    |
| Net loss for the year  |      | -  | -                    | (1,133,778,971)        | (1,133,778,971)      | (303,484,189)            | (1,437,263,160)      |
| <b>Other comprehensive income/(loss)</b>   |      |  |                      |                        |                      |                          |                      |
| Revaluation of land and buildings  | 13.1 | -  | 149,638,331          | -                      | 149,638,331          | 46,454,921               | 196,093,252          |
| Deferred tax effect on revaluation of land and buildings                         | 19.1 | -  | (115,986,380)        | -                      | (115,986,380)        | (28,642,803)             | (144,629,184)        |
| Actuarial losses on defined benefit obligations                                  | 26   | -  | -                    | 3,060,413              | 3,060,413            | 596,665                  | 3,657,078            |
| Deferred tax effect on actuarial loss on defined benefit plan                    | 19.1 | -  | -                    | (924,119)              | (924,119)            | (179,000)                | (1,103,119)          |
| Share of other comprehensive income/(loss) attributable to associate, net of tax | 18.1 | -  | 205,262              | 142,725                | 347,987              | 71,983                   | 419,970              |
| <b>Total other comprehensive income/(loss), net of tax</b>                       |      | -  | 33,857,213           | 2,279,019              | 36,136,232           | 18,301,766               | 54,437,998           |
| <b>Total comprehensive income/(loss) for the year, net of tax</b>                |      | -  | 33,857,213           | (1,131,499,952)        | (1,097,642,739)      | (285,182,423)            | (1,382,825,162)      |
| <b>Balance as at 31 March 2023</b>   |      | <b>3,256,172,662</b>                         | <b>1,615,511,089</b> | <b>(2,559,953,877)</b> | <b>2,311,729,874</b> | <b>1,049,217,059</b>     | <b>3,360,946,933</b> |
| Balance as at 01 April 2023  |      | 3,256,172,662                                | 1,615,511,089        | (2,559,953,877)        | 2,311,729,874        | 1,049,217,059            | 3,360,946,933        |
| Net loss for the year  |      | -  | -                    | (672,699,965)          | (672,699,965)        | (173,457,723)            | (846,157,687)        |
| <b>Other comprehensive income/(loss)</b>   |      |  |                      |                        |                      |                          |                      |
| Revaluation of land and buildings  |      | -  | 639,305,919          | -                      | 639,305,919          | 249,381,252              | 888,687,171          |
| Deferred tax effect on revaluation of land and buildings                         | 13.1 | -  | (425,772,360)        | -                      | (425,772,360)        | (181,756,765)            | (607,529,125)        |
| Actuarial gain/(loss) on defined benefit obligations                             | 19.1 | -  | -                    | (5,114,631)            | (5,114,631)          | (238,544)                | (5,353,175)          |
| Deferred tax effect on actuarial gain/(loss) on defined benefit plan             | 26   | -  | -                    | 1,303,094              | 1,303,094            | 71,563                   | 1,374,657            |
| Share of other comprehensive income attributable to associate, net of tax        | 19.1 | -  | 595,525              | (317,799)              | 277,725              | 57,449                   | 335,174              |
| <b>Total other comprehensive income/(loss), net of tax</b>                       |      | -  | 214,129,084          | (4,129,337)            | 209,999,746          | 67,514,956               | 277,514,702          |
| <b>Total comprehensive income/(loss) for the year, net of tax</b>                |      | -  | 214,129,084          | (676,829,302)          | (462,700,219)        | (105,942,767)            | (568,642,986)        |
| <b>Balance as at 31 March 2024</b>   |      | <b>3,256,172,662</b>                         | <b>1,829,640,172</b> | <b>(3,236,783,178)</b> | <b>1,849,029,655</b> | <b>943,274,292</b>       | <b>2,792,303,947</b> |

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

Figures in brackets indicate deductions.

The accounting policies and notes on pages 88 through 179 form an integral part of these financial statements.

| Company   | Note | Stated<br>Capital<br>Rs. | Retained<br>Earnings<br>Rs. | Total<br>Equity<br>Rs. |
|---|------|--------------------------|-----------------------------|------------------------|
| <b>Balance as at 01 April 2022</b>                            |      | 3,256,172,662            | (51,414,584)                | 3,204,758,078          |
| Net loss for the year   |      | -                        | (41,332,608)                | (41,332,608)           |
| <b>Other comprehensive income/(loss)</b>                      |      |                          |                             |                        |
| Actuarial loss on defined benefit plan                        | 26   | -                        | (99,918)                    | (99,918)               |
| Deferred tax effect on actuarial loss on defined benefit plan | 19.1 | -                        | 23,980                      | 23,980                 |
| Total other comprehensive loss, net of tax                    |      | -                        | (75,938)                    | (75,938)               |
| <b>Total comprehensive loss for the year, net of tax</b>      |      | -                        | (41,408,546)                | (41,408,546)           |
| <b>Balance as at 31 March 2023</b>                            |      | 3,256,172,662            | (92,823,130)                | 3,163,349,532          |
| <b>Balance as at 01 April 2023</b>                            |      | 3,256,172,662            | (92,823,130)                | 3,163,349,532          |
| Net loss for the year   |      | -                        | (60,962,770)                | (60,962,770)           |
| <b>Other comprehensive income/(loss)</b>                      |      |                          |                             |                        |
| Actuarial loss on defined benefit plan                        | 26   | -                        | (3,854,929)                 | (3,854,929)            |
| Deferred tax effect on actuarial loss on defined benefit plan | 19.1 | -                        | 925,183                     | 925,183                |
| Total other comprehensive loss, net of tax                    |      | -                        | (2,929,746)                 | (2,929,746)            |
| <b>Total comprehensive loss for the year, net of tax</b>      |      | -                        | (63,892,516)                | (63,892,516)           |
| <b>Balance as at 31 March 2024</b>                            |      | 3,256,172,662            | (156,715,646)               | 3,099,457,016          |

The accounting policies and notes on pages 88 through 179 form an integral part of these financial statements.

# Statement of Cash Flows

| Year Ended 31 March                                      | Note | Group              |                    | Company             |                     |
|--|------|--------------------|--------------------|---------------------|---------------------|
|  |      | 2024<br>Rs.        | 2023<br>Rs.        | 2024<br>Rs.         | 2023<br>Rs.         |
| <b>Cash flows from/(used in) operating activities</b>    |      |                    |                    |                     |                     |
| Loss before income tax expense                           |      | (728,515,334)      | (1,282,223,870)    | (60,037,587)        | (41,308,628)        |
| <b>Adjustments for :</b>                                 |      |                    |                    |                     |                     |
| Depreciation   | 13   | 212,427,181        | 201,764,005        | 1,348,230           | 1,246,995           |
| Amortization of intangible assets                        | 16   | 851,339            | 1,380,218          | 183,728             | 288,240             |
| Depreciation of right-of-use assets                      | 15   | 62,334,845         | 62,753,316         | 4,625,236           | 4,674,078           |
| Deferred income on amortization of lease right           | 25   | -                  | -                  | (1,792,932)         | (1,792,932)         |
| Fair value loss/(gain) on financial assets at fair value | 7    | (2,477,120)        | (767,900)          | -                   | -                   |
| Finance costs  | 7.1  | 747,385,867        | 920,454,211        | 112,649,478         | 48,042,090          |
| Finance income   | 7.2  | (8,441,220)        | (9,221,964)        | (82,038,390)        | (39,343,226)        |
| Gain on disposal of property, plant & equipment          | 6    | -                  | (842,042)          | -                   | -                   |
| Impairment of trade receivables                          |      | 6,593,220          | 1,216,736          | -                   | -                   |
| Written-off of irrecoverable tax receivables and others  |      | -                  | (512,627)          | -                   | -                   |
| Provision for defined benefit plans                      | 26.1 | 17,819,237         | 12,379,659         | 5,694,119           | 3,473,387           |
| Change in fair value of investment property              | 14   | -                  | (62,770,700)       | -                   | -                   |
| Impairment for related companies                         |      | -                  | -                  | -                   | 301,510             |
| Impairment provision for investment in associate         | 18   | -                  | -                  | -                   | -                   |
| Gain on Disposal of Property Plant and Equipment         |      | -                  | -                  | -                   | 33,891              |
| Disposal of existing lease rights                        | 6    | (1,410,610)        | (842,042)          | -                   | -                   |
| Impact on derecognition of improvements                  |      | -                  | -                  | -                   | -                   |
| Share of profits from investment in associate            | 18   | (72,312,263)       | 158,004,779        | -                   | -                   |
| <b>Operating loss before working capital changes</b>     |      | <b>234,255,143</b> | <b>1,613,822</b>   | <b>(19,368,117)</b> | <b>(24,384,594)</b> |
| (Increase)/decrease in inventories                       |      | (6,854,825)        | (22,106,826)       | -                   | -                   |
| (Increase)/decrease in trade and other receivables       |      | (135,790,489)      | (115,064,969)      | 14,628,763          | 12,723,014          |
| Increase in advances & prepayments                       |      | 9,978,076          | (2,734,783)        | 66,310              | (720,404)           |
| Increase/(decrease) in contract liabilities              |      | (113,232,652)      | 98,427,876         | -                   | -                   |
| Increase/(decrease) in trade and other payables          |      | 746,168,975        | 750,601,596        | (4,190,776)         | 122,713,542         |
| <b>Cash generated / (used in) operating activities</b>   |      | <b>734,524,228</b> | <b>710,736,717</b> | <b>(8,863,822)</b>  | <b>110,331,557</b>  |
| Finance cost paid  |      | (418,232,945)      | (591,301,289)      | (2,335,438)         | (2,104,929)         |
| Tax paid   |      | (275,532)          | (712,257)          | -                   | (436,725)           |
| Defined benefit plan cost paid                           | 26   | (12,084,639)       | (5,255,168)        | (3,874,690)         | (345,000)           |
| <b>Net cash flow from/(used in) operating activities</b> |      | <b>303,931,112</b> | <b>113,468,003</b> | <b>(15,073,949)</b> | <b>107,444,903</b>  |



| Year Ended 31 March  | Note | Group                |                      | Company             |                     |
|--|------|----------------------|----------------------|---------------------|---------------------|
|  |      | 2024<br>Rs.          | 2023<br>Rs.          | 2024<br>Rs.         | 2023<br>Rs.         |
| <b>Cash flows from/(used in) investing activities</b>                            |      |                      |                      |                     |                     |
| Acquisition of property, plant and equipment                                     |      | (52,144,671)         | (78,494,491)         | (1,015,267)         | (495,630)           |
| Proceeds from disposal of property, plant and equipment                          |      | 7,899,585            | 12,207,741           | -                   | 31,690              |
| Payments made for acquisition of Right-of-use assets                             |      | -                    | -                    | -                   | (4,200,000)         |
| Proceeds from sale of financial instruments - fair valued through profit or loss |      | -                    | -                    | -                   | -                   |
| Purchase of financial instruments - fair valued through profit or loss           |      | -                    | -                    | -                   | -                   |
| Acquisition of intangible assets   | 16   | -                    | (220,000)            | -                   | -                   |
| Proceeds from withdrawal of /(investment in) fixed deposits                      | 16   | -                    | -                    | -                   | -                   |
| Investment in subsidiary   |      | -                    | -                    | (100)               | -                   |
| Finance income received  |      | 8,441,220            | 9,221,964            | -                   | 2,227,483           |
| <b>Net cash flow from/(used in) investing activities</b>                         |      | <b>(35,803,867)</b>  | <b>(57,284,786)</b>  | <b>(1,015,367)</b>  | <b>(2,436,457)</b>  |
| <b>Cash flows from/(used in) financing activities</b>                            |      |                      |                      |                     |                     |
| Proceeds from interest bearing loans and borrowings                              | 27.1 | -                    | 602,594,309          | -                   | -                   |
| Net finance from/(to) related parties  |      | -                    | -                    | (388,893)           | (81,489,700)        |
| Repayment of interest bearing loans and borrowings                               | 27.1 | (151,691,917)        | (582,525,927)        | -                   | -                   |
| Payments under other lease liabilities   | 26   | (89,942,652)         | (85,644,046)         | (5,040,000)         | -                   |
| <b>Net cash flows from/ (used in) financing activities</b>                       |      | <b>(241,634,569)</b> | <b>(65,575,664)</b>  | <b>(5,428,893)</b>  | <b>(81,489,700)</b> |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                    |      | <b>26,492,677</b>    | <b>(9,392,447)</b>   | <b>(21,518,209)</b> | <b>23,518,747</b>   |
| Cash and cash equivalents at the beginning of the year                           |      | (301,031,263)        | (291,638,816)        | 29,524,343          | 6,005,596           |
| <b>Cash and cash equivalents at the end of the year (Note A)</b>                 |      | <b>(274,538,587)</b> | <b>(301,031,263)</b> | <b>8,006,134</b>    | <b>29,524,343</b>   |
| <b>Note A</b>  |      |                      |                      |                     |                     |
| <b>Analysis of Cash and cash equivalents</b>                                     |      |                      |                      |                     |                     |
| Cash in hand and cash at bank  | 24   | 112,053,915          | 43,094,601           | 20,049,318          | 25,833,063          |
| Short term deposits with original maturity less than three months                | 23.2 | 138,759              | 67,263,935           | -                   | 17,185,806          |
| Bank overdrafts  | 27   | (386,731,260)        | (411,389,800)        | (12,043,184)        | (13,494,526)        |
| <b>Total cash and cash equivalents</b>   |      | <b>(274,538,587)</b> | <b>(301,031,263)</b> | <b>8,006,134</b>    | <b>29,524,343</b>   |

The accounting policies and notes on pages 88 through 179 form an integral part of these financial statements.

# Notes to the Financial Statements

Year ended 31 March 2024

## 1. CORPORATE INFORMATION

The consolidated financial statements of the Citrus Leisure PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2024 were authorized for issue in accordance with a resolution of the directors on 30 August 2024. The Citrus Leisure PLC (the Company or the parent) is a public limited company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded. The registered office of the Company is located at No. 56/1, Kynsey Road, Colombo 08.

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

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

## 2. MATERIAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

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

### Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2024, based on available information, the management has assessed the impact of existing economic circumstances on the Group and the appropriateness of the use of the going concern basis. The Company evaluated the resilience of its businesses by considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment, and the amount of undrawn borrowing facilities, and potential sources of financing facilities.

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

### **Comparative Information**

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

## **2.2 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as for the year ended 31 March 2024.

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

Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

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

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

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

## Notes to the Financial Statements

Year ended 31 March 2024

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

### Accounting under separate financial statements

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

#### 2.2.1 Subsidiaries

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

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

the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

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

| Subsidiary                    | Effective Holding |        | Principal Activities  |
|-------------------------------|-------------------|--------|---|
|                               | 2024              | 2023   |   |
| 1. Hikkaduwa Beach Resort PLC | 82.86%            | 82.86% | Provision of food and beverage, lodging, other hospitality industry related activities. |
| 2. Waskaduwa Beach Resort PLC | 68.63%            | 68.63% |   |
| 3. Citrus Sliver Limited      | 100%              | 100%   |   |

| Subsidiary                  | Effective Holding |        | Principal Activities  |
|-----------------------------|-------------------|--------|---|
|                             | 2024              | 2023   |   |
| 4. Citrus Aqua Limited      | 58.20%            | 58.20% | The company carried out all range of watersports and related activities. However, the commercial operations have been ceased temporary since February 2014.             |
| 5. Citrus Vacations Limited | 98%               | 98%    | Carrying out inbound and outbound travels and business of travel agents. However, the commercial operations of the company have been ceased temporary since April 2018. |
| 6. Citrus Equity Limited    | 100%              | 100%   | Dormant Company   |
| 7. Citrus Villas Limited    | 100%              | 100%   | Dormant Company   |
| 8. Citrus LT Limited        | 100%              |        | Staff Management  |

### 2.2.2 Investment in Associates

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

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

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

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

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

## Notes to the Financial Statements

Year ended 31 March 2024

|  | Effective Holding |        | Principal Activities  |
|--|-------------------|--------|---|
|  | 2024              | 2023   |   |
| Colombo Land & Development Company PLC | 20.22%            | 20.22% | Development and leasing out of investment property under operating leases and renting of vehicle parking. |

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

### 2.3 Summary of material accounting policies

#### a) Business combinations and goodwill

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

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

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

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

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

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

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

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

**b) Current versus non-current classification**

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

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

All other assets are classified as non-current.

A liability is current when:

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

or

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

The Group classifies all other liabilities as non-current.

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

## Notes to the Financial Statements

Year ended 31 March 2024

### c) *Fair value measurement*

The Group measures financial instruments such as quoted equity securities designated as fair value through profit or loss and land and buildings at fair value at each financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Senior Management and Board determines the policies and procedures for fair value measurement, such as land and buildings.



External valuers are involved for valuation of Land, Buildings of the Group. Involvement of external valuers is determined annually by the senior management and the board after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

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

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

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

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

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

**d) Revenue**

**(i) Revenue from contracts with customers**

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

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

## Notes to the Financial Statements

Year ended 31 March 2024

- 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.

### Contract liabilities

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

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

### (ii) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as financial assets at fair value through OCI, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where

appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss.

### (iii) Rental income, other income and gains

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

### (iv) Gains and losses on disposal of assets

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

### (v) Dividend income

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

### e) Taxes

#### Current income tax

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

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

### **Deferred tax**

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

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the

## Notes to the Financial Statements

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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.

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

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

### **Deferred tax on undistributed profits of investment in associate**

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

The group calculates deferred tax based on the most likely manner of reversal taking into account management's intent and the tax jurisdiction applicable to relevant equity accounted investees.

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

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

### **Sales tax**

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

- where the sales tax incurred on a purchase of an assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

**f) Foreign currencies**

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

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

**g) Cash dividend**

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

**h) Property, plant and equipment**

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

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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

Lands are measured at fair value less accumulated impairment losses recognized after the date of revaluation. Buildings are measured at fair value less accumulated depreciation and accumulated impairment losses recognised after the date of revaluation. Revaluation of land and buildings are done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

## Notes to the Financial Statements

Year ended 31 March 2024

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

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

Useful lives as follows:

| Asset                         | Years         |
|-------------------------------|---------------|
| Buildings                     | 10 - 40 Years |
| Motor vehicles                | 4 Years       |
| Furniture and fittings        | 6 Years       |
| Plant & machinery             | 10 Years      |
| Entertainment equipment       | 4 Years       |
| Office equipment              | 6 Years       |
| Gardening and other equipment | 5 - 6 Years   |

| Asset                                | Years         |
|--------------------------------------|---------------|
| Sundry equipment                     | 5 Years       |
| Linen and furnishing                 | 3 Years       |
| Kitchen utensils and other equipment | 10 - 13 Years |
| Air conditioner                      | 10 - 13 Years |
| Computer equipment                   | 3 - 6 Years   |
| Generator and transformers           | 15 Years      |
| Electrical Fittings                  | 10 Years      |
| Crockery and Cutlery                 | 3 Years       |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

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

### Capital work-in-progress

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

**i) Borrowing costs**

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

**j) Investment properties**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production of supply of goods or services or for administrative purposes.

**Recognition and measurement**

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

**Derecognition**

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**k) Intangible assets**

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

## 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;

|                     |              |
|---------------------|--------------|
| Computer Software   | Over 4 Years |
| Website Development | Over 4 Years |

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

### **i) Financial instruments – initial recognition and subsequent measurement**

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

#### **i. Financial assets**

##### **Initial recognition and measurement**

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.



**Subsequent measurement**

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

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

**Financial assets at amortised cost (debt instruments)**

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

## Notes to the Financial Statements

Year ended 31 March 2024

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

### **Financial assets at fair value through OCI (debt instruments)**

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

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

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

### **Financial assets at fair value through profit or loss**

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

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

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

**Derecognition**

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

- The rights to receive cash flows from the asset have expired

or

- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either r

- (a) the group has transferred substantially all the risks and rewards of the asset,

or

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

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the group also

recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

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

**Impairment of financial assets**

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

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

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

## Notes to the Financial Statements

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

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

### ii) **Financial liabilities** **Initial recognition and measurement**

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

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

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

### **Subsequent measurement**

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

#### **Financial liabilities at fair value through profit or loss**

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The group has not designated any financial liability as at fair value through profit or loss.

**Loans and borrowings**

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

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

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

**Derecognition**

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

**iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to

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

**m) Inventories**

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

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

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

**n) Impairment of non-financial assets**

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

**Calculation of recoverable amount**

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

## Notes to the Financial Statements

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and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets

### **Impairment / Reversal of impairment**

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

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

### **o) Cash and short-term deposits**

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

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

### **p) Assets Held for Sale**

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

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

**q) Provisions****General**

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

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

**r) Employee Benefits****Defined Contribution Plans**

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in Statement

of Profit or Loss in the periods during which services are rendered by employees. The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

**Defined Benefit Plans**

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

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

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

## Notes to the Financial Statements

Year ended 31 March 2024

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

### Short-term Benefits

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

#### s) Leases

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

#### Group as a lessee

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

#### i) Right-of-use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct

costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| Description        | Period       |
|--------------------|--------------|
| Land and Buildings | 5 - 91 Years |

#### ii) Lease liabilities

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



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

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

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

**3 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT REPORTING DATE**

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

- Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 : Interest Rate Benchmark Reform - Phase 2

**4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's 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.

**4.1 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.

## Notes to the Financial Statements

Year ended 31 March 2024

### 4.2 Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

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

### 4.3 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.

### 4.4 International Tax Reform-Pillar Two Model Rule – Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognizing 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 recognizing 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.

### 4.5 SLFRS 17 Insurance Contracts

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

## 5. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

**Estimates and assumptions**

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

**Defined benefit plans (pension benefits)**

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

Further details about pension obligations are provided in Note 27.

**Provision for expected credit losses of trade receivables**

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

The provision matrix is initially based on the company's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The company has considered the current decline in the tourism industry due to the impact of economic recession in determining the provisioning under ECL. The Management has

## Notes to the Financial Statements

Year ended 31 March 2024

monitored the effect of the global economic downturn to its travel agents through frequent discussion with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly.

### **Recoverability of Deferred Tax Assets**

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

### **Performance obligations and significant judgements**

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

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

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

The Directors, after making necessary inquiries and reviews including reviews of the hotel budgets for the ensuing year. Capital expenditure requirements, future prospects along with risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements. In determining the basis of preparing the financial statements for the year ended 31 March 2024, based on available information, the management has assessed the existing and anticipated effects of the current economic situation on the Company.

### **Fair value of freehold land and buildings**

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

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

**Impairment of non-financial assets**

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

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

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the for the following assets of the Group for which the key assumptions used are disclosed and further explained in the respective notes.

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

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

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and making certain entity-specific adjustments based on the type, terms and conditions of the lease.

## Notes to the Financial Statements

Year ended 31 March 2024

### 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

|                                       | Group                |                      | Company            |                   |
|---------------------------------------|----------------------|----------------------|--------------------|-------------------|
|                                       | 2024<br>Rs.          | 2023<br>Rs.          | 2024<br>Rs.        | 2023<br>Rs.       |
| <b>Revenue</b>                        |                      |                      |                    |                   |
| Hotel income (Note 5.1)               | 2,176,968,797        | 1,625,242,078        | -                  | -                 |
| Management fee income                 | 9,339,315            | -                    | 101,334,775        | 62,393,389        |
|                                       | <b>2,186,308,113</b> | <b>1,625,242,078</b> | <b>101,334,775</b> | <b>62,393,389</b> |
| <b>5.1 Hotel income</b>               |                      |                      |                    |                   |
| Room revenue                          | 1,009,735,224        | 692,821,030          | -                  | -                 |
| Food revenue                          | 706,017,014          | 535,433,294          | -                  | -                 |
| Beverage revenue                      | 261,089,076          | 197,737,957          | -                  | -                 |
| Banquet revenue                       | 190,110,885          | 191,701,928          | -                  | -                 |
| Spa Income                            | 8,371,212            | 6,641,784            | -                  | -                 |
| Laundry income                        | 1,645,387            | 906,085              | -                  | -                 |
|                                       | <b>2,176,968,797</b> | <b>1,625,242,078</b> | <b>-</b>           | <b>-</b>          |
| <b>5.2 Other revenue</b>              |                      |                      |                    |                   |
| Management fee income - Inter Company | -                    | -                    | 93,315,581         | 62,393,389        |
| Management fee income - Lotus Tower   | 9,339,315            | -                    | 8,019,193          | -                 |
|                                       | <b>9,339,315</b>     | <b>-</b>             | <b>101,334,775</b> | <b>62,393,389</b> |

### 6. OTHER INCOME AND GAINS

|  | Group             |                   | Company          |                  |
|--|-------------------|-------------------|------------------|------------------|
|  | 2024<br>Rs.       | 2023<br>Rs.       | 2024<br>Rs.      | 2023<br>Rs.      |
| Income from sublease                               | -                 | -                 | 1,792,932        | 1,792,932        |
| Other income from hotel related activities         | 63,849            | 72,882            | -                | -                |
| Gain on foreign currency encashment                | 125,683           | 1,402,499         | -                | -                |
| Swimming pool income                               | 289,660           | 314,388           | -                | -                |
| Gain on disposal of property, plant, and equipment | 1,410,610         | 842,042           | -                | -                |
| Shop rent income                                   | 1,225,176         | 796,245           | -                | -                |
| Other sundry income*                               | 24,637,415        | 9,504,009         | -                | -                |
| Citrus LT - Staff Management Income                | 1,980,183         | -                 | 1,980,183        | -                |
|  | <b>29,732,576</b> | <b>12,932,065</b> | <b>3,773,115</b> | <b>1,792,932</b> |

**7. FINANCE COSTS AND INCOME**

|  | Group              |                    | Company            |                   |
|--|--------------------|--------------------|--------------------|-------------------|
|  | 2024<br>Rs.        | 2023<br>Rs.        | 2024<br>Rs.        | 2023<br>Rs.       |
| <b>7.1 Finance costs</b>   |                    |                    |                    |                   |
| Interest expenses on bank overdrafts                                     | 75,202,954         | 90,677,867         | 2,335,438          | 2,104,928         |
| Interest expenses on lease liabilities                                   | 17,535,424         | 25,907,768         | 586,507            | 826,451           |
| Interest expenses on bank loans  | 547,045,189        | 762,448,990        | -                  | -                 |
| Interest on related party payables                                       | 107,602,299        | 41,419,586         | 109,727,533        | 45,110,711        |
|  | <b>747,385,867</b> | <b>920,454,211</b> | <b>112,649,478</b> | <b>48,042,090</b> |
| <b>7.2 Finance Income</b>  |                    |                    |                    |                   |
| Interest income on fixed deposits and savings accounts                   | 8,441,220          | 9,221,964          | 2,609,327          | 2,259,934         |
| Interest on related party receivables                                    | -                  | -                  | 79,429,063         | 37,083,292        |
| Interest Income - Foreign Currency exchange                              | 10,781             | 32,800             | -                  | -                 |
| Dividend Income  | 307,913            | 446,250            | -                  | -                 |
| Fair value gain on financial assets at fair value through profit or loss | 2,477,120          | 767,900            | -                  | -                 |
|  | <b>11,237,033</b>  | <b>10,468,914</b>  | <b>82,038,390</b>  | <b>39,343,226</b> |

## Notes to the Financial Statements

Year ended 31 March 2024

### 8. LOSS BEFORE TAX

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

|   | Group       |             | Company     |             |
|---|-------------|-------------|-------------|-------------|
|   | 2024<br>Rs. | 2023<br>Rs. | 2024<br>Rs. | 2023<br>Rs. |
| Auditors' remuneration                                    |             |             |             |             |
| - Statutory audit fee                                     | 2,271,150   | 1,890,000   | 415,000     | 370,000     |
| - Non audit fee   | 267,168     | 493,760     | 155,848     | 128,200     |
| Costs of defined employee benefits                        |             |             |             |             |
| - Defined benefit plan costs                              | 17,819,238  | 12,379,659  | 5,694,119   | 3,473,387   |
| - Defined contribution plan cost -<br>EPF and ETF         | 42,639,219  | 38,252,830  | 9,605,803   | 8,220,864   |
| - Other staff cost  | 271,578,652 | 318,236,122 | 68,329,673  | 60,541,711  |
| Depreciation of property, plant and<br>equipment          | 212,427,181 | 201,764,005 | 1,348,230   | 1,246,995   |
| Amortisation of intangible assets                         | 851,339     | 1,380,218   | 183,728     | 288,240     |
| Depreciation of right-of-use assets                       | 62,334,845  | 62,753,316  | 4,625,236   | 4,674,078   |
| Impairment of trade receivables                           | 6,593,220   | 1,216,736   | -           | -           |
| Impairment for related companies<br>Receivable and Others | -           | -           | -           | 301,510     |
|   | -           | (512,627)   | -           | (512,627)   |
| Donations   | 24,250      | 18,000      | 24,250      | 18,000      |
| Directors' emoluments                                     | 17,677,500  | 15,000,000  | 17,677,500  | 15,000,000  |
| Business promotion and advertising<br>costs               | 24,013,650  | 30,060,660  | -           | -           |



## 9. TAX EXPENSE

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

|  | Group              |                    | Company        |               |
|--|--------------------|--------------------|----------------|---------------|
|  | 2024<br>Rs.        | 2023<br>Rs.        | 2024<br>Rs.    | 2023<br>Rs.   |
| <b>Current income tax</b>  |                    |                    |                |               |
| <b>Income statement</b>  |                    |                    |                |               |
| Current income tax charge (Note 9.1)   | 299,950            | 1,581,541          | -              | -             |
| Income tax over provision in respect of previous years                           |                    | -                  | -              | -             |
|  | 299,950            | 1,581,541          | -              | -             |
| <b>Deferred tax expense</b>  |                    |                    |                |               |
| Deferred tax charge/(reversal) (Note 9.4)  | 117,342,404        | 153,457,749        | 925,183        | 23,980        |
| <b>Income tax expense/(reversal) reported in the statement of profit or loss</b> | <b>117,642,353</b> | <b>155,039,290</b> | <b>925,183</b> | <b>23,980</b> |

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

|                                     | Group                |                        | Company              |                     |
|-------------------------------------|----------------------|------------------------|----------------------|---------------------|
|                                     | 2024<br>Rs.          | 2023<br>Rs.            | 2024<br>Rs.          | 2023<br>Rs.         |
| Accounting loss before income tax   | (728,515,334)        | (1,282,223,870)        | (60,037,587)         | (41,308,628)        |
| Share of loss/(profit) of associate | (72,312,263)         | 158,004,779            | -                    | -                   |
|                                     | (800,827,597)        | (1,124,219,091)        | (60,037,587)         | (41,308,628)        |
| Less: Aggregate allowable items     | (431,305,238)        | (163,759,842)          | (9,824,683)          | (5,815,173)         |
| Add: Aggregate disallowed items     | 423,765,758          | 399,116,326            | 22,173,634           | 15,091,266          |
| Less: Non business income           | (125,972,138)        | (61,302,768)           | (83,831,322)         | (41,136,158)        |
| Loss exempt from tax                | -                    | -                      |                      |                     |
| Less: Non taxable income            | (6,930,957)          | (92,288,102)           | -                    | -                   |
| <b>Business loss</b>                | <b>(941,270,172)</b> | <b>(1,042,453,477)</b> | <b>(131,519,958)</b> | <b>(73,168,693)</b> |

## Notes to the Financial Statements

Year ended 31 March 2024

### 9. TAX EXPENSE (Contd.)

|   | Group          |                  | Company      |             |
|---|----------------|------------------|--------------|-------------|
|   | 2024<br>Rs.    | 2023<br>Rs.      | 2024<br>Rs.  | 2023<br>Rs. |
| <b>Other sources of income</b>                            |                |                  |              |             |
| Investment income - other                                 | 125,658,347    | 6,589,756        | 83,831,322   | -           |
| Less: Interest income exempt from tax                     | -              | -                | -            | -           |
| Other taxable incomes                                     | -              | -                | (83,831,322) | -           |
| Less: Tax losses deducted against other sources of income | (125,658,347)  | -                | -            | -           |
| <b>Assessable income</b>                                  | <b>999,833</b> | <b>6,589,756</b> | <b>-</b>     | <b>-</b>    |
| Less: Qualifying payments                                 |                |                  |              |             |
| <b>Total taxable income</b>                               | <b>999,833</b> | <b>6,589,756</b> | <b>-</b>     | <b>-</b>    |
| Tax on taxable income @ normal rates 24%                  | -              | 1,581,541        | -            | -           |
| Tax on taxable income @ normal rates 30%                  | 299,950        | -                | -            | -           |
| <b>Current income tax charge</b>                          | <b>299,950</b> | <b>1,581,541</b> | <b>-</b>     | <b>-</b>    |

### 9.2 Income tax rates

#### (i) Hotel operations

The profits and income of the Company arising on provision of tourism related services is liable for taxation at the rate 30% (2022/23 : 14% up to 30th September 2022 and 30% thereafter) in terms of Revenue Act No. 24 of 2017 and amendments thereto.

#### Waskaduwa Beach Resort PLC

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

#### (ii) Other income and gains

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

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

**9.4 Deferred tax expense /(reversal)**

|  | Group              |                    | Company        |               |
|--|--------------------|--------------------|----------------|---------------|
|  | 2024<br>Rs.        | 2023<br>Rs.        | 2024<br>Rs.    | 2023<br>Rs.   |
| <b>Deferred tax arising from</b>                   |                    |                    |                |               |
| - Accelerated depreciation for tax purposes        | 115,280,647        | 69,425,944         | -              | -             |
| - Retirement benefit obligation                    | (582,929)          | (5,497,865)        | 925,183        | 23,980        |
| - Right-of-use assets                              | 3,032,370          | (4,056,586)        | -              | -             |
| - Revaluation of investment property to fair value | -                  | 22,332,210         | -              | -             |
| - Impairment of trade debtors                      | (387,685)          | (1,381,992)        | -              | -             |
| - Benefit arising from tax losses and others       | -                  | 72,636,038         | -              | -             |
| <b>Total deferred tax charge/(reversal)</b>        | <b>117,342,404</b> | <b>153,457,749</b> | <b>925,183</b> | <b>23,980</b> |

**9.4.1 Deferred tax charge/(reversal) recognized thorough;**

|  | Group              |                    | Company        |               |
|--|--------------------|--------------------|----------------|---------------|
|  | 2024<br>Rs.        | 2023<br>Rs.        | 2024<br>Rs.    | 2023<br>Rs.   |
| <b>Statement of Profit or Loss</b>                   |                    |                    |                |               |
| Charge/(revesal) arising on during the year movement | 117,342,404        | 83,412,899         | 925,183        | 23,980        |
| Charge/(revesal) due to change in tax rates          | -                  | 70,044,850         | -              | -             |
|  | <b>117,342,405</b> | <b>153,457,749</b> | <b>925,183</b> | <b>23,980</b> |
| <b>Other Comprehensive Income</b>                    |                    |                    |                |               |
| Charge/(revesal) arising on during the year movement | 606,154,468        | 28,338,694         | -              | -             |
| Charge/(revesal) due to change in tax rates          | -                  | 117,393,609        | -              | -             |
|  | <b>606,154,468</b> | <b>145,732,303</b> | <b>-</b>       | <b>-</b>      |

## Notes to the Financial Statements

Year ended 31 March 2024

### 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 income and share data used in the basic earnings per share computations.

|   | Group         |                 | Company       |               |
|---|---------------|-----------------|---------------|---------------|
|   | 2024<br>Rs.   | 2023<br>Rs.     | 2024<br>Rs.   | 2023<br>Rs.   |
| <b>Amounts used as the numerator :</b>  |               |                 |               |               |
| Net loss for the year attributable to the owners of the parent                                    | (672,699,965) | (1,133,778,971) | (60,962,770)  | (41,332,608)  |
| <b>Amounts used as the denominator :</b>  |               |                 |               |               |
| Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share | 267,229,723   | 267,229,723     | 267,229,723   | 267,229,723   |
| <b>Basic/diluted loss per share (Rs.)</b>   | <b>(2.52)</b> | <b>(4.24)</b>   | <b>(0.23)</b> | <b>(0.15)</b> |

## 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 Group and the Company.

#### a) Financial assets by categories - Group

| 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.                |
| <b>Financial assets</b>               |                                   |                    |                                   |                    |
| <b>Other current financial assets</b> |                                   |                    |                                   |                    |
| - Listed equity investments           | 8,394,420                         | -                  | 5,917,300                         | -                  |
| - Investments in bank deposits        | -                                 | 75,494,508         | -                                 | 67,263,935         |
| Trade and other receivables           | -                                 | 343,358,291        | -                                 | 220,216,342        |
| <b>Total financial assets</b>         | <b>8,394,420</b>                  | <b>418,852,799</b> | <b>5,917,300</b>                  | <b>287,480,277</b> |

| 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.                         |
| <b>Financial liabilities</b>          |                                   |                             |                                   |                             |
| Interest bearing loans and borrowings | -                                 | 3,915,520,370               | -                                 | 4,091,470,848               |
| Trade and other payables              | -                                 | 2,243,231,983               | -                                 | 1,105,571,606               |
| Lease liabilities                     | -                                 | 92,175,560                  | -                                 | 164,583,117                 |
| <b>Total financial liabilities</b>    | <b>-</b>                          | <b>6,250,927,914</b>        | <b>-</b>                          | <b>5,361,625,571</b>        |

## Notes to the Financial Statements

Year ended 31 March 2024

### 11. FINANCIAL INSTRUMENTS (Contd.)

#### b) Financial assets by categories - 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.            |
| <b>Financial assets</b>        |                                   |                |                                   |                |
| Trade and other receivables    | -                                 | 112,459,794    | -                                 | 309,042,889    |
| Other current financial assets |                                   |                |                                   |                |
| - Investments in bank deposits | -                                 | 19,538,758     | -                                 | 17,185,806     |
| <b>Total financial assets</b>  | -                                 | 131,998,553    | -                                 | 326,228,695    |

| 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.                         |
| <b>Financial liabilities</b>          |                                   |                             |                                   |                             |
| Interest bearing loans and borrowings | -                                 | 12,043,184                  | -                                 | 13,494,526                  |
| Trade and other payables              | -                                 | 1,448,206,233               | -                                 | 622,525,217                 |
| Lease liabilities                     | -                                 | 4,953,585                   | -                                 | 4,102,698                   |
| <b>Total financial liabilities</b>    | -                                 | 1,465,203,002               | -                                 | 640,122,441                 |

#### *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 Group's assets and liabilities.

### 12.1

#### Group

Fair value measurement hierarchy for assets as at 31 March 2023 and 2024:

| Assets measured at fair value:  | Date of valuation       | Fair value measurement using |  |  | Significant unobservable inputs (Level 3)<br>Rs. |
|---|-------------------------|------------------------------|--|--|--|
|   |                         | Total<br>Rs.                 | Quoted prices in active markets (Level 1)<br>Rs. | Significant observable inputs (Level 2)<br>Rs. |  |
| <b>As at 31 March 2024</b>  |                         |                              |  |  |  |
| <b>Non-financial assets</b>   |                         |                              |  |  |  |
| Property, plant and equipment   |                         |                              |  |  |  |
| - Land  | (Note 13) 31 March 2024 | 1,985,345,000                | -  | -  | 1,985,345,000                                    |
| - Buildings   | (Note 13) 31 March 2024 | 4,955,043,185                | -  | -  | 4,955,043,185                                    |
| Investment properties   |                         |                              |  |  |  |
| - Land  | (Note 14) 31 March 2024 | 633,900,700                  | -  | -  | 633,900,700                                      |
| - Buildings   | (Note 14) 31 March 2024 | 5,366,266                    | -  | -  | 5,366,266  |
| Non-financial assets as at 31 March 2024                                  |                         | 7,579,655,151                | -  | -  | 7,579,655,151                                    |
| <b>Financial assets</b>   |                         |                              |  |  |  |
| <b>Equity instruments designated at fair value through profit or loss</b> |                         |                              |  |  |  |
| Quoted equity shares  |                         |                              |  |  |  |
| Financial assets as at 31 March 2024                                      | (Note 23) 31 March 2024 | 8,394,420                    | 8,394,420  | -  | -  |
|   |                         | 8,394,420                    | 8,394,420  | -  | -  |
| <b>Assets measured at fair value:</b>                                     |                         |                              |  |  |  |
| <b>As at 31 March 2023</b>  |                         |                              |  |  |  |
| <b>Non-financial assets</b>   |                         |                              |  |  |  |
| Property, plant and equipment   |                         |                              |  |  |  |
| - Land  | (Note 13) 31 March 2023 | 1,749,933,000                | -  | -  | 1,749,933,000                                    |
| - Buildings   | (Note 13) 31 March 2023 | 4,432,431,131                | -  | -  | 4,432,431,131                                    |
| Investment properties   |                         |                              |  |  |  |
| - Land  | (Note 14) 31 March 2023 | 633,900,700                  | -  | -  | 633,900,700                                      |
| - Buildings   | (Note 14) 31 March 2023 | 5,366,266                    | -  | -  | 5,366,266  |
| Non-financial assets as at 31 March 2023                                  |                         | 6,821,631,097                | -  | -  | 6,821,631,097                                    |
| <b>Financial assets</b>   |                         |                              |  |  |  |
| <b>Equity instruments designated at fair value through profit or loss</b> |                         |                              |  |  |  |
| Quoted equity shares  | (Note 23) 31 March 2023 | 5,917,300                    | 5,917,300  | -  | -  |
| Financial assets as at 31 March 2023                                      |                         | 5,917,300                    | 5,917,300  | -  | -  |

## Notes to the Financial Statements

Year ended 31 March 2024

### 13. PROPERTY, PLANT AND EQUIPMENT

#### 13.1 Group

##### 13.1.1 Gross Carrying Amounts

|  | Balance<br>as at<br>01.04.2023<br>Rs. | Additions/<br>Transfers in<br>Rs. | Disposals<br>Rs.   | Revaluations<br>Rs. | Transfers on<br>revaluation<br>Rs. | Balance<br>as at<br>31.03.2024<br>Rs. |
|--|---------------------------------------|-----------------------------------|--------------------|---------------------|------------------------------------|---------------------------------------|
| <b>At cost or valuation</b>              |                                       |                                   |                    |                     |                                    |                                       |
| Freehold land                            | 1,749,933,000                         | -                                 | -                  | 235,412,000         | -                                  | 1,985,345,000                         |
| Buildings                                | 4,420,222,501                         | 2,399,161                         | -                  | 653,275,171         | (120,853,648)                      | 4,955,043,185                         |
| Building Improvements                    | 15,539,619                            | 600,000                           | -                  | -                   | -                                  | 16,139,619                            |
| Motor vehicles                           | 5,544,248                             | 124,395                           | -                  | -                   | -                                  | 5,668,643                             |
| Furniture and fittings                   | 279,098,186                           | 1,253,490                         | (73,065)           | -                   | -                                  | 280,278,610                           |
| Plant & machinery                        | 137,068,460                           | 744,267                           | -                  | -                   | -                                  | 137,812,727                           |
| Entertainment equipment                  | 79,435,477                            | 1,472,237                         | -                  | -                   | -                                  | 80,907,714                            |
| Office equipment                         | 10,058,763                            | 707,484                           | -                  | -                   | -                                  | 10,766,247                            |
| Gardening and other equipment            | 5,296,550                             | 13,102,292                        | -                  | -                   | -                                  | 18,398,842                            |
| Sundry equipment                         | 25,232,143                            | 14,061                            | -                  | -                   | -                                  | 25,246,204                            |
| Linen and furnishing                     | 85,615,937                            | 12,106,492                        | (1,744,527)        | -                   | -                                  | 95,977,903                            |
| Kitchen utensils and other<br>equipment  | 181,720,941                           | 4,985,533                         | (3,781,570)        | -                   | -                                  | 182,924,904                           |
| Air conditioner                          | 249,640,224                           | 1,719,060                         | -                  | -                   | -                                  | 251,359,284                           |
| Computer equipment                       | 30,330,433                            | 2,076,043                         | (142,500)          | -                   | -                                  | 32,263,976                            |
| Generator                                | 60,113,083                            | 6,043,982                         | -                  | -                   | -                                  | 66,157,065                            |
| Electrical fittings                      | 122,955,353                           | 15,724,646                        | (665,342)          | -                   | -                                  | 138,014,656                           |
| Crockery and cutlery                     | 14,910,601                            | 4,888,202                         | (2,228,205)        | -                   | -                                  | 17,570,598                            |
| <b>Total value of depreciable assets</b> | <b>7,472,715,519</b>                  | <b>67,961,345</b>                 | <b>(8,635,209)</b> | <b>888,687,171</b>  | <b>(120,853,648)</b>               | <b>8,299,875,177</b>                  |

| In the course of construction      | Balance<br>as at<br>01.04.2022<br>Rs. | Incurred<br>during the<br>Rs. | Transfers out<br>Rs. | Revaluations<br>Rs. | Transfers on<br>revaluation<br>Rs. | Balance<br>as at<br>31.03.2023<br>Rs. |
|------------------------------------|---------------------------------------|-------------------------------|----------------------|---------------------|------------------------------------|---------------------------------------|
| Building work in progress          | 15,447,047                            | -                             | (15,447,047)         | -                   | -                                  | -                                     |
|                                    | 15,447,047                            | -                             | (15,447,047)         | -                   | -                                  | -                                     |
| <b>Total gross carrying amount</b> | <b>7,488,162,566</b>                  | <b>67,961,345</b>             | <b>(24,082,256)</b>  | <b>888,687,171</b>  | <b>(120,853,648)</b>               | <b>8,299,875,177</b>                  |



## 13.1.2 Depreciation

|                                      | Balance as at<br>01.04.2023<br>Rs. | Charge for<br>the year<br>Rs. | Disposals<br>Rs.   | Transfers on<br>Transfers on<br>Rs. | Balance as at<br>31.03.2024<br>Rs. |
|--------------------------------------|------------------------------------|-------------------------------|--------------------|-------------------------------------|------------------------------------|
| <b>At cost or valuation</b>          |                                    |                               |                    |                                     |                                    |
| Buildings                            | -                                  | 120,853,648                   |                    | (120,853,648)                       | -                                  |
| Building Improvements                | 3,330,989                          | 1,940,041                     |                    |                                     | 5,271,030                          |
| Motor vehicles                       | 5,544,248                          | 2,592                         |                    |                                     | 5,546,840                          |
| Furniture and fittings               | 264,060,569                        | 6,031,352                     | (6,703)            |                                     | 270,085,217                        |
| Plant & machinery                    | 114,411,661                        | 13,681,932                    |                    |                                     | 128,093,593                        |
| Entertainment equipment              | 64,726,396                         | 6,534,266                     |                    |                                     | 71,260,662                         |
| Office equipment                     | 6,618,411                          | 731,806                       | (11,665)           |                                     | 7,338,551                          |
| Gardening and other equipment        | 806,989                            | 424,629                       |                    |                                     | 1,231,618                          |
| Sundry equipment                     | 21,930,603                         | 966,528                       |                    |                                     | 22,897,131                         |
| Linen and furnishing                 | 75,983,912                         | 6,827,596                     | (271,569)          |                                     | 82,539,939                         |
| Kitchen utensils and other equipment | 135,481,061                        | 17,328,055                    | (191,334)          |                                     | 152,617,782                        |
| Air condition                        | 156,372,934                        | 17,342,462                    |                    |                                     | 173,715,396                        |
| Computer equipment                   | 24,899,568                         | 2,492,372                     | (25,136)           |                                     | 27,366,804                         |
| Generator                            | 31,538,537                         | 4,458,817                     |                    |                                     | 35,997,353                         |
| Electrical fitting                   | 98,703,862                         | 10,604,136                    | (35,894)           |                                     | 109,272,105                        |
| Crockery and cutlery                 | 11,594,687                         | 2,206,951                     | (1,742,692)        |                                     | 12,058,946                         |
| <b>Total depreciation</b>            | <b>1,016,004,428</b>               | <b>212,427,181</b>            | <b>(2,284,993)</b> | <b>(120,853,648)</b>                | <b>1,105,292,968</b>               |

## Notes to the Financial Statements

Year ended 31 March 2024

### 13. PROPERTY, PLANT AND EQUIPMENT (Contd.)

#### 13.1.3 Net Book Values

|   | 2024<br>Rs.          | 2023<br>Rs.          |
|---|----------------------|----------------------|
| <b>At cost or valuation</b>                                   |                      |                      |
| Freehold land   | 1,985,345,000        | 1,749,933,000        |
| Buildings   | 4,955,043,185        | 4,420,222,502        |
| Building Improvements   | 10,868,589           | 12,208,631           |
| Motor vehicles  | 121,803              | -                    |
| Furniture and fittings  | 10,193,392           | 15,037,617           |
| Plant & machinery   | 9,719,134            | 22,656,799           |
| Entertainment equipment                                       | 9,647,052            | 14,709,081           |
| Office equipment  | 3,427,695            | 3,440,352            |
| Gardening and other equipment                                 | 17,167,224           | 4,489,561            |
| Sundry equipment  | 2,349,072            | 3,301,540            |
| Linen and furnishing  | 13,437,964           | 9,632,025            |
| Kitchen utensils and other equipment                          | 30,307,122           | 46,239,880           |
| Air condition   | 77,643,888           | 93,267,290           |
| Computer equipment  | 4,897,172            | 5,430,865            |
| Generator   | 30,159,712           | 28,574,546           |
| Electrical fittings   | 28,742,551           | 24,251,490           |
| Crockery and cutlery  | 5,511,652            | 3,315,914            |
|   | <b>7,194,582,208</b> | <b>6,456,711,092</b> |
| <b>In the course of construction</b>                          |                      |                      |
| Building work in progress                                     | -                    | 15,447,047           |
|   | -                    | 15,447,047           |
| <b>Total carrying amount of property, plant and equipment</b> | <b>7,194,582,208</b> | <b>6,472,158,137</b> |

**13.1.4** During the financial year, the Group acquired property, plant and equipment for cash to the aggregate value of Rs. 67,785,434/- (2023: Rs. 78,494,490/-).

## 13.2 Company

### 13.2.1 Gross carrying amounts

|                                      | Balance<br>as at<br>01.04.2023<br>Rs. | Additions<br>Rs. | Disposals/<br>Transfers<br>Rs. | Balance<br>as at<br>31.03.2024<br>Rs. |
|--------------------------------------|---------------------------------------|------------------|--------------------------------|---------------------------------------|
| <b>At cost</b>                       |                                       |                  |                                |                                       |
| Buildings                            | 2,108,002                             | 250,000          | -                              | 2,358,002                             |
| Furniture and fittings               | 5,219,025                             | -                | -                              | 5,219,025                             |
| Office equipment                     | 4,657,807                             | 787,559          | (55,990)                       | 5,389,376                             |
| Sundry equipment                     | 77,684                                | -                | -                              | 77,684                                |
| Kitchen utensils and other equipment | 2,752,677                             | -                | -                              | 2,752,677                             |
| Electrical fittings                  | -                                     | -                | -                              | -                                     |
|                                      | 14,815,195                            | 1,037,559        | (55,990)                       | 15,796,764                            |

### 13.2.2 Depreciation

|                                      | Balance<br>As At<br>01.04.2023<br>Rs. | Charge<br>for the<br>year<br>Rs. | Disposals/<br>Transfers<br>Rs. | Balance<br>As At<br>31.03.2024<br>Rs. |
|--------------------------------------|---------------------------------------|----------------------------------|--------------------------------|---------------------------------------|
| <b>At cost</b>                       |                                       |                                  |                                |                                       |
| Buildings                            | 807,321                               | 593,768                          | -                              | 1,401,089                             |
| Furniture and fittings               | 4,578,171                             | 147,589                          | -                              | 4,725,760                             |
| Office equipment                     | 3,607,581                             | 424,192                          | (11,665)                       | 4,020,108                             |
| Sundry equipment                     | 43,934                                | 9,648                            | -                              | 53,582                                |
| Kitchen utensils and other equipment | 2,098,801                             | 173,032                          | -                              | 2,271,833                             |
| Electrical fitting                   | -                                     | -                                | -                              | -                                     |
| <b>Total depreciation</b>            | 11,135,808                            | 1,348,230                        | (11,665)                       | 12,472,372                            |

## Notes to the Financial Statements

Year ended 31 March 2024

### 13. PROPERTY, PLANT AND EQUIPMENT (Contd.)

#### 13.2.3 Net book values

|   | 2024<br>Rs.      | 2023<br>Rs.      |
|---|------------------|------------------|
| <b>At cost</b>  |                  |                  |
| Buildings   | 956,913          | 1,300,681        |
| Furniture and fittings  | 493,265          | 640,854          |
| Office equipment  | 1,369,268        | 1,050,226        |
| Sundry equipment  | 24,102           | 33,750           |
| Kitchen utensils and other equipment                          | 480,844          | 653,876          |
| <b>Total carrying amount of property, plant and equipment</b> | <b>3,324,392</b> | <b>3,679,388</b> |

**13.2.4** During the financial year, the Company acquired property, plant and equipment for cash to the aggregate value of Rs. 1,037,559/- (2023: Rs. 495,630/-).

### 13.3 Revaluation of land and buildings

The freehold land and buildings belonging to Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC were revalued by Mr. T. M. H. Mutaliph - D.I.V – F.P (CTC – Sri Lanka), an Independent Chartered Valuer as at 31 March 2024. 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.

### 13.3.1 Valuation technique, inputs and relationship with fair value

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

| Property  | Valuation technique   | Effective date of valuation | Significant unobservable inputs             | Sensitivity of the input to the fair value  |
|-----------|---|-----------------------------|---|---|
| Lands     | <u>Open market value method</u><br>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property. | 31 March 2024               | Price per perch of land Rs. 1,174,704       | Estimated fair value would increase/ (decrease) if :- Price per perch increases/ (decreases)      |
| Buildings | Depreciated replacement cost method   | 31 March 2024               | Rate per square feet of building Rs. 14,386 | Estimated fair value would increase/ (decrease) if :- Rate per square feet increases/ (decreases) |

## Notes to the Financial Statements

Year ended 31 March 2024

### 13. PROPERTY, PLANT AND EQUIPMENT (Contd.) 13.4 Value and ownership of freehold land and freehold buildings of the Group.

| Company                    | Location                            | Property      | No. of Buildings | Ownership         | Extent                         | Carrying value              |
|----------------------------|-------------------------------------|---------------|------------------|-------------------|--------------------------------|-----------------------------|
|                            |                                     |               |                  |                   |                                | Rs.                         |
| Hikkaduwa Beach Resort PLC | No. 400, Galle Road, Hikkaduwa.     | Land Building | - 01             | Freehold Freehold | 312.1 Perches 80,700 Sq. ft    | 574,965,000 982,624,373     |
| Waskaduwa Beach Resort PLC | No. 427, Kuda waskaduwa, Waskaduwa. | Land Building | - 04             | Freehold Freehold | 137,798 Perches 263,740 Sq. ft | 1,410,380,000 3,972,418,811 |

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

| Class of assets | Cost          | Cumulative depreciation if assets were carried at cost | Net carrying amount | Net carrying amount |
|-----------------|---------------|--|---------------------|---------------------|
|                 | Rs.           | Rs.  | 2024                | 2023                |
| Lands           | 869,823,714   | -  | 869,823,714         | 869,823,714         |
| Buildings       | 3,337,434,190 | (174,434,923)  | 3,162,999,268       | 2,754,743,432       |
|                 | 4,207,257,904 | (174,434,923)  | 4,032,822,982       | 3,624,567,146       |

### 13.6 Impairment assessment of property, plant and equipment

The impairment test was carried out 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 different cash generating units, are as follows;

|                          | 2024            | 2023                   |
|--------------------------|-----------------|------------------------|
|                          | Rs.             | Rs.                    |
| Discount Rate:           | 12.73% - 14.31% | 18.24% - 20.35%        |
| Terminal growth rate:    | 2.5% - 3%       | 2.5% - 3%              |
| Price per perch of land: | Rs. 1,174,704   | Rs. 1,500,000          |
| Price per perch of land: | Rs. 14,386      | Rs. 6,000 - Rs. 19,000 |

**14. INVESTMENT PROPERTY**

|   | Group              |                    |
|---|--------------------|--------------------|
|   | 2024<br>Rs.        | 2023<br>Rs.        |
| <b>Carrying value</b>   |                    |                    |
| At the beginning of the year  | 639,266,966        | 576,496,266        |
| Change in fair value during the year  | -                  | 62,770,700         |
| <b>At the end of the year</b>   | <b>639,266,966</b> | <b>639,266,966</b> |
| <b>The details relating to assets were classified as held for sale as at 31 March are stated below;</b> |                    |                    |
| <b>Assets</b>   |                    |                    |
| Land  | 633,900,700        | 633,900,700        |
| Buildings   | 5,366,266          | 5,366,266          |
|   | <b>639,266,966</b> | <b>639,266,966</b> |

**Valuation details of investment property**

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

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

## Notes to the Financial Statements

Year ended 31 March 2024

### 14. INVESTMENT PROPERTY (Contd.)

Description of valuation techniques used to valuation on investment properties:

| Property | Location  | Method of valuation | Significant unobservable inputs                 | Effective date of valuation | Value<br>Rs. |
|----------|---|---------------------|---|-----------------------------|--------------|
| Land     | Munaithottam,<br>Pasikkudah, Kalkudahmethod         | Open market value   | Estimated average price per perch<br>Rs.200,165 | 31 March 2024               | 400,613,200  |
| Land     | Kajuwatta Road,<br>Mukkuthoduwawa,<br>Madurankuliya | Open market value   | Estimated price per perch<br>Rs. 33,654         | 31 March 2024               | 233,287,500  |



**15. RIGHT-OF-USE ASSETS****15.1 Group**

|                                   | Land and buildings |                    |
|-----------------------------------|--------------------|--------------------|
|                                   | 2024<br>Rs.        | 2023<br>Rs.        |
| <b>Cost</b>                       |                    |                    |
| As at 1 April                     | 450,181,678        | 450,181,678        |
| New lease entered during the year | -                  | -                  |
| As at 31 March                    | 450,181,678        | 450,181,678        |
| <b>Accumulated depreciation</b>   |                    |                    |
| As at 1 April                     | 239,300,250        | 176,546,934        |
| Depreciation charge for the year  | 62,334,846         | 62,753,316         |
| As at 31 March                    | 301,635,096        | 239,300,250        |
| <b>Carrying value</b>             | <b>148,546,582</b> | <b>210,881,428</b> |

**15.2 Company**

|   | Land and buildings |                   |
|---|--------------------|-------------------|
|   | 2024<br>Rs.        | 2023<br>Rs.       |
| <b>Cost</b>   |                    |                   |
| As at 1 April   | 81,255,423         | 81,255,423        |
| Transferred from previously recognised leasehold properties | -                  | -                 |
| Transferred from advance payments                           | -                  | -                 |
| As at 31 March  | 81,255,423         | 81,255,423        |
| <b>Accumulated depreciation</b>                             |                    |                   |
| As at 1 April   | 21,772,438         | 17,098,360        |
| Depreciation charge for the year                            | 4,625,236          | 4,674,078         |
| As at 31 March  | 26,397,674         | 21,772,438        |
| <b>Carrying value</b>                                       | <b>54,857,749</b>  | <b>59,482,985</b> |

## Notes to the Financial Statements

Year ended 31 March 2024

### 16. INTANGIBLE ASSETS

#### 16.1 Group

|                              | Website<br>Development<br>Cost<br>Rs. | Computer<br>Software<br>Rs. | 2024<br>Rs. | 2023<br>Rs. |
|------------------------------|---------------------------------------|-----------------------------|-------------|-------------|
| <b>Cost</b>                  |                                       |                             |             |             |
| At the beginning of the year | 1,567,775                             | 8,233,470                   | 9,801,245   | 9,581,245   |
| Acquisitions during the year |                                       |                             |             | 220,000     |
| At the end of the year       | 1,567,775                             | 8,233,470                   | 9,801,245   | 9,801,245   |
| <b>Amortization</b>          |                                       |                             |             |             |
| At the beginning of the year | 1,567,775                             | 7,078,591                   | 8,646,366   | 7,266,148   |
| Amortization for the year    | -                                     | 851,340                     | 851,339     | 1,380,218   |
| At the end of the year       | 1,567,775                             | 7,929,931                   | 9,497,706   | 8,646,366   |
| Carrying amount              | -                                     | 303,539                     | 303,539     | 1,154,879   |

#### 16.2 Company

|                              | Computer Software |             |
|------------------------------|-------------------|-------------|
|                              | 2024<br>Rs.       | 2023<br>Rs. |
| <b>Cost</b>                  |                   |             |
| At the beginning of the year | 1,257,639         | 1,257,639   |
| Acquisitions during the year | -                 | -           |
| At the end of the year       | 1,257,639         | 1,257,639   |
| <b>Amortization</b>          |                   |             |
| At the beginning of the year | 1,073,911         | 785,671     |
| Amortization for the year    | 183,728           | 288,240     |
| At the end of the year       | 1,257,639         | 1,073,911   |
| Carrying amount              | -                 | 183,728     |

**17 INVESTMENT IN SUBSIDIARIES - COMPANY**

|  | 2024<br>Rs.          | 2023<br>Rs.          |
|--|----------------------|----------------------|
| Investment in subsidiaries - Quoted (Note 17.1)            | 3,488,915,800        | 3,488,915,800        |
| Investment in subsidiaries - Non-quoted (Note 17.2)        | 62,878,676           | 62,878,576           |
| <b>Total carrying value of investments in subsidiaries</b> | <b>3,551,794,476</b> | <b>3,551,794,376</b> |

**17.1 Investment in subsidiaries - Quoted**

|  | Holding   |           | Carrying value       |                      |
|--|-----------|-----------|----------------------|----------------------|
|  | 2024<br>% | 2023<br>% | 2024<br>Rs.          | 2023<br>Rs.          |
| Hikkaduwa Beach Resort PLC                     | 82.86%    | 82.86%    | 3,488,915,800        | 3,488,915,800        |
| <b>Total Quoted Investment in Subsidiaries</b> |           |           | <b>3,488,915,800</b> | <b>3,488,915,800</b> |

**17.2 Investment in subsidiaries - Non-quoted**

|  | Holding   |           | Carrying value    |                   |
|--|-----------|-----------|-------------------|-------------------|
|  | 2024<br>% | 2023<br>% | 2024<br>Rs.       | 2023<br>Rs.       |
| Citrus Aqua (Pvt) Ltd.                             | 58.20%    | 58.20%    | 12,000,000        | 12,000,000        |
| Citrus Vacations Limited                           | 97.76%    | 97.76%    | 25,612,000        | 25,612,000        |
| Citrus LT (Pvt) Limited                            | 100%      | -         | 100               | -                 |
| Citrus Equity Limited                              | 100%      | 100%      | 10                | 10                |
| Citrus Silver Limited                              | 100%      | 100%      | 25,266,556        | 25,266,556        |
| Citrus Villas Limited                              | 100%      | 100%      | 10                | 10                |
| <b>Total non-quoted investment in subsidiaries</b> |           |           | <b>62,878,676</b> | <b>62,878,576</b> |

**17.3 Impairment of investment in subsidiary**

The Group performed an impairment test of carrying value of the investment in Hikkaduwa Beach Resorts PLC in the separate financial statements of the Company having considering the losses incurred by the subsidiary. The recoverable amount of the investment in Subsidiary as at the reporting date was based on value in use and was determined at the level of the CGU. There was no impairment provision required for the current year as the carrying amount of the investment did not fall below its fair recoverable value.

## Notes to the Financial Statements

Year ended 31 March 2024

### 18. INVESTMENT IN ASSOCIATE

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

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

| Carrying value of the investment                        | 2024         | 2023         | 2024          | 2023          |
|---|--------------|--------------|---------------|---------------|
|   | No of shares | No of shares | Rs.           | Rs.           |
| Colombo Land & Development Company PLC                  | 40,413,200   | 40,413,200   | 2,171,023,775 | 2,328,608,584 |
| Share of profit of associate                            |              |              | 72,312,263    | (158,004,779) |
| Share of other comprehensive income/(loss) of associate |              |              | 335,174       | 419,970       |
|   |              |              | 2,243,671,213 | 2,171,023,775 |
| Impairment of investment of associate                   |              |              | -             | -             |
| Group's carrying amount of the investment               |              |              | 2,243,671,213 | 2,171,023,775 |

### 18.1 Summarised Financial information of associate - Group

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

|  | As at 31.03.2024     | As at 31.03.2023     |
|--|----------------------|----------------------|
|  | Rs.                  | Rs.                  |
| <b>Statement of financial position</b> |                      |                      |
| Current assets                         | 131,410,968          | 199,412,435          |
| Non- current assets                    | 13,688,227,052       | 13,124,182,383       |
| Current liabilities                    | (347,258,801)        | (279,581,829)        |
| Non- current liabilities               | (5,171,358,513)      | (5,058,928,595)      |
| <b>Total equity</b>                    | <b>8,301,020,706</b> | <b>7,985,084,394</b> |

**18.1 Summarised statement of profit or loss and other comprehensive income**

|  | Year ended<br>31.03.2024<br>Rs. | Year ended<br>31.03.2023<br>Rs. |
|--|---------------------------------|---------------------------------|
| Revenue  | 396,184,101                     | 335,354,143                     |
| Direct expenses  | (164,263,394)                   | (117,558,879)                   |
| Other operating income   | 32,507,978                      | 55,658,867                      |
| <b>Change in fair value of investment properties</b>                   | <b>582,847,201</b>              | <b>149,163,652</b>              |
| Fair valuation of biological assets                                    | 4,772,658                       | 3,947,219                       |
| Selling and marketing expenses   | (14,215,192)                    | (11,424,543)                    |
| Administrative expenses  | (95,874,013)                    | (103,624,631)                   |
| Finance expenses   | (276,122,179)                   | (327,685,231)                   |
| Finance income   | -                               | -                               |
| <b>Profit before tax</b>   | <b>465,837,160</b>              | <b>(16,169,403)</b>             |
| Tax expenses   | (108,209,745)                   | (765,258,782)                   |
| <b>Profit for the year</b>   | <b>357,627,415</b>              | <b>(781,428,185)</b>            |
| <b>Group's share of profit for the year</b>                            | <b>72,312,263</b>               | <b>(158,004,779)</b>            |
| <b>Other comprehensive income</b>                                      |                                 |                                 |
| Other comprehensive income/(loss) for the year                         | 1,657,635                       | 2,077,004                       |
| <b>Group's share of other comprehensive income/(loss) for the year</b> | <b>335,174</b>                  | <b>419,970</b>                  |

**18.2 Contingent liabilities**

The associate does not have significant contingent liabilities as at 31 March 2023 and 2024.

**18.3 Market value of the investment as at 31 March**

|                                | 2024<br>Rs. | 2023<br>Rs. |
|--------------------------------|-------------|-------------|
| Market value of a share        | 17.50       | 20.10       |
| Market value of the investment | 707,231,000 | 812,305,320 |

## Notes to the Financial Statements

Year ended 31 March 2024

- 18.4** The Group performed an impairment test of the carrying value of the investment considering indicators of impairment identified as at 31 March 2024. There was no impairment required as the carrying amount of the investment did not fall below its recoverable value.

In performing the impairment test, the Group engaged KPMG Sri Lanka to determine the fair value of the investment held in Colombo Land and Development Company PLC. The investment in associate has been considered as a single cash-generating unit, assuming the associate to operate as is with no expansionary capital expenditure projections. Thereby, fair value of Colombo Land and Development Company PLC is equivalent to the Value In Use, which was considered as the recoverable value. Multiple valuation techniques were used in arriving at the recoverable value of the investment, out of which the recoverable value was concluded based Discounted cash flow methodology ("DCF") of Colombo Land and Development Company PLC.

|                              |                     |
|------------------------------|---------------------|
| Valuation method used        | Value In Use        |
| Fair value hierarchy         | Level 3             |
| Recoverable value identified | Rs. 3,049,665,122/- |

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

Increase in deep discount by 10% will decrease the recoverable value of by Rs. 277,089,472 and the decrease in deep discount by 10% will increase the recoverable value by Rs. 277,089,472.

**19. DEFERRED TAXATION**

|                                     | Group                |                    | Company     |             |
|-------------------------------------|----------------------|--------------------|-------------|-------------|
|                                     | 2024<br>Rs.          | 2023<br>Rs.        | 2024<br>Rs. | 2023<br>Rs. |
| Deferred tax assets                 | (34,108,468)         | (36,157,123)       | -           | -           |
| Deferred tax liabilities            | 1,376,903,529        | 655,455,310        | -           | -           |
| <b>Net deferred tax liabilities</b> | <b>1,342,795,061</b> | <b>619,298,187</b> | <b>-</b>    | <b>-</b>    |

**19.1 Net deferred tax liabilities**

|  | Group                |                    | Company     |             |
|--|----------------------|--------------------|-------------|-------------|
|  | 2024<br>Rs.          | 2023<br>Rs.        | 2024<br>Rs. | 2023<br>Rs. |
| At the beginning of the year                                   | 619,298,187          | 320,108,135        | -           | -           |
| <b>Amount origination/ (reversal) of temporary differences</b> |                      |                    |             |             |
| - <b>Recognised in profit or loss</b>                          |                      |                    |             |             |
| Accelerated depreciation for tax purposes                      | 115,280,647          | 69,425,944         | -           | -           |
| Right-of-use assets  | 3,032,370            | (4,056,586)        | -           | -           |
| Retirement benefit obligation                                  | (582,929)            | (5,497,865)        | 925,183     | 23,980      |
| Carried forward business losses                                | -                    | 72,636,038         | -           | -           |
| Impairment of trade debtors                                    | (387,685)            | (1,381,992)        | -           | -           |
| Revaluation of investment property to fair value               | -                    | 22,332,210         | -           | -           |
| - <b>Recognised in other comprehensive income</b>              |                      |                    |             |             |
| Revaluation of land and buildings                              | 607,529,125          | 144,629,184        | -           | -           |
| Actuarial gains and losses on defined benefit plans            | (1,374,657)          | 1,103,119          | (925,183)   | (23,980)    |
| <b>At the end of the year</b>                                  | <b>1,342,795,059</b> | <b>619,298,187</b> | <b>-</b>    | <b>-</b>    |

## Notes to the Financial Statements

Year ended 31 March 2024

### 19. DEFERRED TAXATION (Contd.)

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

|  | Group                |                    | Company     |             |
|--|----------------------|--------------------|-------------|-------------|
|  | 2024<br>Rs.          | 2023<br>Rs.        | 2024<br>Rs. | 2023<br>Rs. |
| <b>Deferred tax liability</b>                            |                      |                    |             |             |
| Capital allowances for tax purpose                       | 242,423,705          | 127,502,720        | -           | -           |
| Deferred tax effect on revaluation of land and buildings | 1,149,624,680        | 542,095,555        | -           | -           |
| Right-of-use assets                                      | (4,184,327)          | -                  | -           | -           |
| <b>Deferred tax assets</b>                               |                      |                    |             |             |
| Right-of-use assets                                      |                      | (7,216,698)        | -           | -           |
| Carried forward business losses                          | (30,633,903)         | (31,712,889)       | -           | -           |
| Retirement benefit obligation                            | (11,775,569)         | (9,098,658)        | -           | -           |
| Impairment Provision on Trade Receivable                 | (4,613,426)          | (2,271,843)        | -           | -           |
| Capital allowances for tax purpose                       |                      |                    |             |             |
|  | <b>1,340,841,160</b> | <b>619,298,187</b> | <b>-</b>    | <b>-</b>    |

### 19.3 Unrecognised deferred tax

Deferred tax asset of Rs. 159,642,481/- of Citrus Leisure PLC and ("Company") has not been recognised in the statement of financial position as the management is of the opinion that the reversal of the taxable asset will not be crystallised in the foreseeable future.

The Group recognizes a deferred tax asset on unused tax losses which is expected to reduce the future tax expense based on the Group's forecasted business plans. However, Deferred tax Assets have not been recognized for unused tax losses amounting to Rs. 136,540,172/- by the Company and Rs. 775,943,946/-.



**20. INVENTORIES**

|                               | Group             |                   |
|-------------------------------|-------------------|-------------------|
|                               | 2024<br>Rs.       | 2023<br>Rs.       |
| Food & Beverage               | 42,387,994        | 33,596,371        |
| House Keeping and Maintenance | 10,949,344        | 10,024,544        |
| Other Stocks                  | 14,833,138        | 17,694,736        |
|                               | <b>68,170,476</b> | <b>61,315,651</b> |

**21. TRADE AND OTHER RECEIVABLES**

|   | Group              |                    | Company              |                    |
|---|--------------------|--------------------|----------------------|--------------------|
|   | 2024<br>Rs.        | 2023<br>Rs.        | 2024<br>Rs.          | 2023<br>Rs.        |
| Trade debtors - Others  | 277,250,342        | 184,917,671        | -                    | -                  |
| - Related parties<br>(Note 21.3)  | 16,875,188         | 9,120,260          | -                    | -                  |
| Total trade debtors (Note 21.1)   | 294,125,530        | 194,037,931        | -                    | -                  |
| Less: Impairment for trade debtors<br>(Note 21.2)                       | (29,015,570)       | (22,422,349)       | -                    | -                  |
|   | 265,109,960        | 171,615,582        | -                    | -                  |
| Other receivables - Related parties<br>(Note 21.3)                      | 1,797,898          | 1,797,898          | 105,781,739          | 44,577,678         |
| - Others  | 80,260,433         | 46,802,862         | 6,678,056            | 267,164            |
| Less: Impairment for other receivables<br>(Note 21.2)                   | (3,810,000)        | -                  | -                    | -                  |
|   | <b>343,358,291</b> | <b>220,216,342</b> | <b>112,459,794</b>   | <b>44,844,841</b>  |
| <b>Current trade and other receivables</b>                              | <b>343,358,291</b> | <b>220,216,342</b> | <b>112,459,794</b>   | <b>44,844,841</b>  |
| Other receivables - Related parties<br>(Note 21.3)                      |                    |                    | 1,061,937,192        | 319,884,977        |
| Less: Impairment for other receivables<br>- Related parties (Note 21.3) |                    |                    | (55,847,930)         | (55,385,420)       |
| <b>Non-current other receivables -<br/>related parties</b>              | <b>-</b>           | <b>-</b>           | <b>1,006,089,262</b> | <b>264,198,048</b> |

## Notes to the Financial Statements

Year ended 31 March 2024

### 21. TRADE AND OTHER RECEIVABLES (Contd.)

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

| Group | Neither past due nor impaired < 30 Days | Total      |            | Past due but not impaired |            |              |              |               |     |              |     |           |     |            |     |  |
|-------|---|------------|------------|---------------------------|------------|--------------|--------------|---------------|-----|--------------|-----|-----------|-----|------------|-----|--|
|       |   | Rs.        | Rs.        | 31 - 60 Days              |            | 61 - 90 Days |              | 91 - 180 Days |     | 181-365 Days |     | >365 Days |     | > 120 days |     |  |
|       |   |            |            | days                      | Rs.        | days         | Rs.          | days          | Rs. | days         | Rs. | days      | Rs. | days       | Rs. |  |
| 2024  | Trade Debtors                           | 94,710,709 | 98,469,148 | 43,496,363                | 4,117,980  | 11,402,537   | 41,928,793   | 294,125,530   |     |              |     |           |     |            |     |  |
|       | Less: Impairment for trade debtors      |            |            | -                         | -          | -            | (29,015,570) | (29,015,570)  |     |              |     |           |     |            |     |  |
|       |   |            |            | 43,496,363                | 4,117,980  | 11,402,537   | 12,913,223   | 265,109,960   |     |              |     |           |     |            |     |  |
| 2023  | Trade Debtors                           | 74,034,357 | 33,294,676 | 30,950,829                | 12,475,396 | 7,333,700    | 35,948,974   | 194,037,932   |     |              |     |           |     |            |     |  |
|       | Less: Impairment for trade debtors      |            |            | -                         | -          | -            | (22,422,349) | (22,422,349)  |     |              |     |           |     |            |     |  |
|       |   | 74,034,357 | 33,294,676 | 30,950,829                | 12,475,396 | 7,333,700    | 13,526,625   | 171,615,582   |     |              |     |           |     |            |     |  |

### 21.2 Impairment of debtors

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

- Refer Note 36 on credit risk of trade receivables, which discuss how the Group measure credit quality of trade receivables that are neither past due nor impairment.
- For terms and conditions with related parties, refer to Note 33.1.

## 21. TRADE AND OTHER RECEIVABLES (Contd.)

## 21.3 Trade and other Receivables - Related Parties

| Relationship                            | Group      |               |               |            |               |               |
|---|------------|---------------|---------------|------------|---------------|---------------|
|   | 2024       |               |               | 2023       |               |               |
|   | Total      | Current-Trade | Current-Other | Total      | Current-Trade | Current-Other |
| Rs.                                     | Rs.        | Rs.           | Rs.           | Rs.        | Rs.           |               |
| George Steuarts Health (Pvt) Ltd.       | 1,961,287  | 1,961,287     | -             | 1,270,493  | 1,270,493     | -             |
| George Steuart Teas (Pvt) Ltd           | -          | -             | -             | -          | -             | -             |
| George Steuart & Company Limited        | 36,793     | 36,793        | -             | -          | -             | -             |
| George Steuart Solutions (Pvt) Ltd.     | 2,222,159  | 424,262       | 1,797,898     | 1,936,748  | 138,850       | 1,797,898     |
| George Steuart Travel Limited           | 42,245     | 42,245        | -             | 506,972    | 506,972       | -             |
| Hardtalk (Pvt) Limited                  | -          | -             | -             | 37,069     | 37,069        | -             |
| HVA Foods PLC                           | 755,609    | 755,609       | -             | 173,731    | 173,731       | -             |
| Triad (Pvt) Ltd.                        | 2,800,995  | 2,800,995     | -             | 4,003,518  | 4,003,518     | -             |
| Adpack Production (Pvt) Ltd.            | -          | -             | -             | -          | -             | -             |
| George Steuart Engineering (Pvt) Ltd.   | 5,373,113  | 5,373,113     | -             | -          | -             | -             |
| Power House Limited                     | 4,685,403  | 4,685,403     | -             | 2,310,658  | 2,310,658     | -             |
| Liberty Publishers (Pvt) Ltd.           | 773,731    | 773,731       | -             | 657,217    | 657,217       | -             |
| Colombo Land & Development Company PLC. | 21,751     | 21,751        | -             | 21,752     | 21,752        | -             |
|   | 28,050,039 | 16,875,188    | 11,174,850    | 10,918,158 | 9,120,260     | 1,797,898     |

## Other Receivables - Related Parties

| Relationship                       | Company       |             |               |             |            |             |
|------------------------------------|---------------|-------------|---------------|-------------|------------|-------------|
|                                    | 2024          |             |               | 2023        |            |             |
|                                    | Total         | Current     | Non-current   | Total       | Current    | Non-current |
| Rs.                                | Rs.           | Rs.         | Rs.           | Rs.         | Rs.        |             |
| Waskaduwa Beach Resort PLC         | 24,465,533    | 24,465,533  | -             | 1,581,977   | 1,581,977  | -           |
| Hikkaduwa Beach Resort PLC         | 738,876,181   | 44,244,161  | 694,632,020   | 60,720,640  | 23,073,441 | 37,647,199  |
| Citrus Vacation Limited            | 56,145,242    | 255,240     | 55,890,002    | 55,686,930  | -          | 55,686,930  |
| Citrus Silver Limited              | 345,399,077   | 33,983,907  | 311,415,170   | 244,675,210 | 18,124,362 | 226,550,848 |
| George Steuart Solutions (Pvt) Ltd | 1,797,898     | 1,797,898   | -             | 1,797,898   | 1,797,898  | -           |
| Citrus LT (Pvt) Limited            | 1,035,000     | 1,035,000   | -             | -           | -          | -           |
|                                    | 1,167,718,931 | 105,781,739 | 1,061,937,192 | 364,462,655 | 44,577,678 | 319,884,977 |

## Notes to the Financial Statements

Year ended 31 March 2024

### 22. ADVANCES AND PREPAYMENTS

|             | Group             |                   | Company          |                  |
|-------------|-------------------|-------------------|------------------|------------------|
|             | 2024<br>Rs.       | 2023<br>Rs.       | 2024<br>Rs.      | 2023<br>Rs.      |
| Advances    | 4,217,071         | 25,297,260        | -                | -                |
| Prepayments | 17,673,606        | 9,934,618         | 1,019,670        | 1,085,979        |
| Deposits    | 17,371,193        | 14,008,068        | 2,417,500        | 2,417,500        |
|             | <b>39,261,870</b> | <b>49,239,946</b> | <b>3,437,170</b> | <b>3,503,479</b> |

### 23. OTHER CURRENT FINANCIAL ASSETS

|  | Group            |                  | Company     |             |
|--|------------------|------------------|-------------|-------------|
|  | 2024<br>Rs.      | 2023<br>Rs.      | 2024<br>Rs. | 2023<br>Rs. |
| Equity instruments designated at fair value through profit or loss |                  |                  |             |             |
| Listed equity investments (Note 23.1)                              | 8,394,420        | 5,917,300        | -           | -           |
| Other financial assets at amortized cost                           |                  |                  |             |             |
| Investments in bank deposits (Note 23.2)                           | 138,759          | 132,383          | -           | -           |
| Total other financial assets                                       | <b>8,533,179</b> | <b>6,049,683</b> | <b>-</b>    | <b>-</b>    |

#### 23.1 Investment in quoted securities - current - Group

|                                 | No. of shares  |                | Carrying value   |                  |
|---------------------------------|----------------|----------------|------------------|------------------|
|                                 | 2024<br>Rs.    | 2023<br>Rs.    | 2024<br>Rs.      | 2023<br>Rs.      |
| Asian Hotels and Properties PLC | 9,200          | 9,200          | 529,920          | 404,800          |
| Sampath Bank PLC                | 105,000        | 105,000        | 7,864,500        | 5,512,500        |
|                                 | <b>114,200</b> | <b>114,200</b> | <b>8,394,420</b> | <b>5,917,300</b> |

**23.2 Investments in bank deposits**

|                          | Credit Rating | Group    |          | Company  |          |
|--------------------------|---------------|----------|----------|----------|----------|
|                          |               | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Sampath Bank PLC         | A-(lka)       | -        | -        | -        | -        |
| Hatton National Bank PLC | A-(lka)       | 138,759  | 132,383  | -        | -        |
|                          |               | 138,759  | 132,383  | -        | -        |

**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.

**24. CASH AND BANK BALANCES**

|                         | Group       |             | Company    |            |
|-------------------------|-------------|-------------|------------|------------|
|                         | 2024 Rs.    | 2023 Rs.    | 2024 Rs.   | 2023 Rs.   |
| Short term bank deposit | 75,494,508  | 67,131,552  | 19,538,758 | 17,185,806 |
| Cash in hand            | 23,892,236  | 10,298,924  | 51,049     | -          |
| Cash at bank            | 12,667,170  | 32,795,677  | 459,511    | 25,833,063 |
|                         | 112,053,915 | 110,226,152 | 20,049,318 | 43,018,869 |

**25. STATED CAPITAL**

|   | 2024        |               | 2023        |               |
|---|-------------|---------------|-------------|---------------|
|   | Number      | Rs.           | Number      | Rs.           |
| Issued and fully-paid - ordinary shares |             |               |             |               |
| As at the beginning of the year         | 267,229,723 | 3,256,172,662 | 267,229,723 | 3,256,172,662 |
| Issue of shares                         | -           | -             | -           | -             |
| As at the end of the year               | 267,229,723 | 3,256,172,662 | 267,229,723 | 3,256,172,662 |

## Notes to the Financial Statements

Year ended 31 March 2024

### 26. RETIREMENT BENEFIT OBLIGATION

|   | Group        |             | Company     |             |
|---|--------------|-------------|-------------|-------------|
|   | 2024<br>Rs.  | 2023<br>Rs. | 2024<br>Rs. | 2023<br>Rs. |
| Balance as at 01 April                                    | 48,661,521   | 45,194,108  | 14,823,040  | 11,594,735  |
| Current service cost                                      | 6,627,087    | 5,600,543   | 2,284,819   | 1,734,177   |
| Interest cost   | 11,192,150   | 6,779,116   | 3,409,299   | 1,739,210   |
| Actuarial (gain)/loss arising from changes in assumptions | 5,353,175    | (3,657,078) | 3,854,929   | 99,918      |
| Payments made during the year                             | (12,084,639) | (5,255,168) | (3,874,690) | (345,000)   |
| Balance as at 31 March                                    | 59,749,295   | 48,661,521  | 20,497,398  | 14,823,040  |

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

|  | Group       |             | Company     |             |
|--|-------------|-------------|-------------|-------------|
|  | 2024<br>Rs. | 2023<br>Rs. | 2024<br>Rs. | 2023<br>Rs. |
| <b>Expense recognized in profit or loss</b>                  |             |             |             |             |
| Current service cost   | 6,627,087   | 5,600,543   | 2,284,819   | 1,734,177   |
| Interest cost  | 11,192,150  | 6,779,116   | 3,409,299   | 1,739,210   |
|  | 17,819,238  | 12,379,659  | 5,694,119   | 3,473,387   |
| <b>Actuarial gains and losses recognized directly in OCI</b> |             |             |             |             |
| Recognized during the period                                 | 5,353,175   | (3,657,078) | 3,854,929   | 99,918      |

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The liability is not externally funded.

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

## 26.2 Assumptions used

The principal assumptions used were as follows,

|                              | Group       |             | Company     |             |
|------------------------------|-------------|-------------|-------------|-------------|
|                              | 2024<br>Rs. | 2023<br>Rs. | 2024<br>Rs. | 2023<br>Rs. |
| Discount rate                | 12%         | 23%         | 12%         | 23%         |
| Future salary increment rate | 10%         | 18%         | 10%         | 18%         |

## 26.3 Sensitivity of assumptions used

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

A Sensitivity analysis was carried out as follows,

|  | Expected future salaries |            | Discount Rate |            |
|--|--------------------------|------------|---------------|------------|
|  | +1%<br>Rs.               | -1%<br>Rs. | +1%<br>Rs.    | -1%<br>Rs. |

### Company

#### A one percentage point change

|  |         |           |           |         |
|--|---------|-----------|-----------|---------|
| Effect on defined benefit obligation liability | 638,613 | (592,692) | (460,166) | 509,025 |
|--|---------|-----------|-----------|---------|

### Group

#### A one percentage point change

|  |           |             |             |           |
|--|-----------|-------------|-------------|-----------|
| Effect on defined benefit obligation liability | 2,165,703 | (2,044,449) | (1,716,411) | 1,851,353 |
|--|-----------|-------------|-------------|-----------|

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

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

## Notes to the Financial Statements

Year ended 31 March 2024

### 26. RETIREMENT BENEFIT OBLIGATION (Contd.)

#### 26.4 Maturity analysis of the payments

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

|  | Group             |                   | Company           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2024<br>Rs.       | 2023<br>Rs.       | 2024<br>Rs.       | 2023<br>Rs.       |
| Less than or equal 1 year                    | 22,753,823        | 15,425,532        | 13,266,831        | 3,135,758         |
| Over 1 year and less than or equal 2 years   | 11,794,357        | 20,971,163        | 1,869,687         | 7,889,417         |
| Over 2 years and less than or equal 5 years  | 13,919,682        | 6,501,911         | 1,814,937         | 1,174,185         |
| Over 5 years and less than or equal 10 years | 8,671,988         | 4,459,121         | 2,131,109         | 1,446,063         |
| Over 10 years                                | 2,609,443         | 1,303,794         | 1,414,835         | 1,177,617         |
| <b>Total expected payments</b>               | <b>59,749,294</b> | <b>48,661,521</b> | <b>20,497,399</b> | <b>14,823,040</b> |

- 26.5 The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3.5 years (2023: 2.6 years).

### 27 INTEREST BEARING LOANS AND BORROWINGS

|  | Group                |                      | Company           |                   |
|--|----------------------|----------------------|-------------------|-------------------|
|  | 2024<br>Rs.          | 2023<br>Rs.          | 2024<br>Rs.       | 2023<br>Rs.       |
| <b>Other Financial Liabilities</b>                         |                      |                      |                   |                   |
| <b>Current Interest - bearing loans and borrowings</b>     |                      |                      |                   |                   |
| Bank loans (Note 27.1)                                     | 929,619,647          | 458,146,893          | -                 | -                 |
| Bank overdrafts  | 386,731,260          | 411,389,800          | 12,043,184        | 13,494,526        |
|  | <b>1,316,350,907</b> | <b>869,536,693</b>   | <b>12,043,184</b> | <b>13,494,526</b> |
| <b>Non-Current Interest - bearing loans and borrowings</b> |                      |                      |                   |                   |
| Bank Loans (Note 27.1)                                     | 2,599,169,463        | 3,221,934,155        | -                 | -                 |
|  | <b>2,599,169,463</b> | <b>3,221,934,155</b> | <b>-</b>          | <b>-</b>          |
| <b>Total Interest-bearing loans and borrowings</b>         | <b>3,915,520,370</b> | <b>4,091,470,848</b> | <b>12,043,184</b> | <b>13,494,526</b> |



**27.1 Bank Loans - Group**

|                                     | As at<br>01.04.2023 | Obtained<br>during<br>the year | Interest<br>accrued<br>during the<br>moratorium<br>period | Repayments    | As at<br>31.03.2024 |
|-------------------------------------|---------------------|--------------------------------|---|---------------|---------------------|
|                                     | Rs.                 | Rs.                            | Rs.   | Rs.           | Rs.                 |
| Sampath Bank PLC                    | 2,723,652,208       | -                              | -   | (55,104,958)  | 2,668,547,250       |
| Hatton National Bank PLC            | 208,259,617         | -                              | -   | (34,995,083)  | 173,264,534         |
| National Development<br>Bank PLC    | 66,700,000          | -                              | 399,980   | (38,099,980)  | 28,600,020          |
| Pan Asia Banking<br>Corporation PLC | 638,272,133         | -                              | -   | -             | 638,272,133         |
| Commercial Bank PLC                 | 12,685,802          | -                              | -   | (7,911,300)   | 4,774,502           |
| Nations Trust Bank PLC              | 30,511,288          | -                              | -   | (15,580,596)  | 14,930,692          |
|                                     | 3,680,081,048       | -                              | -   | (151,691,917) | 3,528,389,131       |

|             | 2024<br>Rs.   | 2023<br>Rs.   |
|-------------|---------------|---------------|
| Current     | 929,619,647   | 458,146,893   |
| Non-current | 2,599,169,463 | 3,221,934,155 |
|             | 3,528,789,110 | 3,680,081,048 |

## Notes to the Financial Statements

Year ended 31 March 2024

### 27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

#### 27.2 Security and repayment terms

| Lender                            | Nature of facility  | Nominal Interest rate   | Repayment terms         | Details of collaterals   | Carrying value of facility |             | Carrying value of asset pledged |               |
|-----------------------------------|---------------------|---|-------------------------|--|----------------------------|-------------|---------------------------------|---------------|
|                                   |                     |   |                         |  | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs.   |
| <b>Citrus Leisure PLC</b>         |                     |   |                         |  |                            |             |                                 |               |
| Sampath Bank PLC                  | Permanent Overdraft | Annual effective rate of the fixed deposits held under Sampath Bank PLC (Subject to a minimum of 10% p.a.) payable monthly together with applicable statutory levies at prevailing rates. | On demand               | Overdraft Agreement for Rs. 13,500,000/- & 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 – Off   | 12,155,761                 | 13,494,526  | 19,260,375                      | 17,185,806    |
| <b>Waskaduwa Beach Resort PLC</b> |                     |   |                         |  |                            |             |                                 |               |
| 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  | 29,124,835                      | 26,131,028    |
| Sampath Bank PLC                  | Permanent Overdraft | AWPLR+3% 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 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. | 75,841,802                 | 77,887,933  | 5,382,798,811                   | 4,799,790,500 |
| Sampath Bank PLC                  | Term Loan Facility  | AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)  | 120 Monthly Instalments | 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 | 5,382,798,811                   | 4,799,790,500 |

## 27 INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

### 27.2 Security and repayment terms

| Lender           | Nature of facility       | Nominal interest rate   | Repayment terms         | Details of collaterals   | Carrying value of facility |             | Carrying value of asset pledged |               |
|------------------|--------------------------|---|-------------------------|--|----------------------------|-------------|---------------------------------|---------------|
|                  |                          |   |                         |  | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs.   |
| Sampath Bank PLC | Moratorium Loan Facility | AWPLR+ 1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly) | 60 Monthly Instalments  | Loan agreement for Rs. 533,000,000/- 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, Kaluhara, 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 | 5,382,798,811                   | 4,799,790,500 |
| Sampath Bank PLC | Term Loan Facility       | AWPLR+ 1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly) | 120 Monthly Instalments | * Loan agreement for Rs. 540,000,000/- 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, Kaluhara, 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 | 5,382,798,811                   | 4,799,790,500 |

## Notes to the Financial Statements

Year ended 31 March 2024

### 27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

#### 27.2 Security and repayment terms

| Lender           | Nature of facility                          | Nominal interest rate   | Repayment terms         | Details of collaterals  | Carrying value of facility |             | Carrying value of asset pledged |               |
|------------------|---|---|-------------------------|---|----------------------------|-------------|---------------------------------|---------------|
|                  |   |   |                         |   | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs.   |
| Sampath Bank PLC | Term Loan Facility                          | 15.5% Per annum payable monthly together with statutory taxes | 60 Monthly Installments | *Loan agreement for Rs. 540,000,000/- primary mortgage bond for USD 8120000/- (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 | 5,382,798,811                   | 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 8120000/- (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.     | -                          | 750,000     | 5,382,798,811                   | 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.980,000,000/- 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.  | -                          | 3,769,200   | 5,382,798,811                   | 4,799,790,500 |

## 27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

### 27.2 Security and repayment terms

| Lender                        | Nature of facility        | Nominal interest rate  | Repayment terms         | Details of collaterals   | Carrying value of facility |             | Carrying value of asset pledged |               |
|-------------------------------|---------------------------|--|-------------------------|--|----------------------------|-------------|---------------------------------|---------------|
|                               |                           |  |                         |  | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs.   |
| Commercial Bank of Ceylon PLC | Term Loan Facility        | Interest Free  | 9 Monthly Installments  | property called 'Sanathoduwa' situated in Kalpitiva and morefully depicted as Lots 1, 2, 3 & 4 in Plan No. 1765 dated 16th May 2011 by J.R. Alahakoon (L. 5), 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 Kalpitiva 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   |
| Sampath Bank PLC              | Mortatorium Loan Facility | 10% Per annum payable monthly together with statutory taxes                                  | 60 Monthly Installments | Loan agreement for Rs. 1,780,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J.R. Alahakone Licensed Surveyor.   | -                          | 4,882,935   | -                               | 4,809,320,000 |
| 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               | On demand  | 47,450,323                 | 50,407,355  | 233,287,500                     | 233,287,500   |

## Notes to the Financial Statements

Year ended 31 March 2024

### 27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.) 27.2 Security and repayment terms

| Lender  | Nature of facility              | Nominal Interest rate   | Repayment terms          | Details of collaterals   | Carrying value of facility |             | Carrying value of asset pledged |               |
|---|---------------------------------|---|--------------------------|--|----------------------------|-------------|---------------------------------|---------------|
|   |                                 |   |                          |  | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs.   |
| Hikkaduwa Beach Resort PLC<br>Sampath Bank PLC (397961000493) | 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. 210,400,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC. | 203,600,000                | 210,400,000 | 1,557,589,373                   | 1,370,365,000 |
| Sampath Bank PLC (397961000493)                               | Term Loan Facility              | AWPLR+2.0% p.a. payable monthly together with statutory taxes. (AWPLR to be reviewed monthly) | 120 Monthly Installments | Loan Agreement for Rs. 140,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC. | 136,800,000                | 140,000,000 | 1,557,589,373                   | 1,370,365,000 |
| Sampath Bank PLC (397961000492)                               | Term Loan Facility (Moratorium) | AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)  | 60 Monthly Installments  | Loan Agreement for Rs. 95,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC.  | 88,480,000                 | 95,000,000  | 1,557,589,373                   | 1,370,365,000 |
| Sampath Bank PLC (397961000487)                               | Term Loan Facility              | 15.5% p.a. payable monthly together with statutory taxes                                      | 60 Monthly Installments  | Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC.                                      | 58,168,358                 | 63,088,358  | 1,557,589,373                   | 1,370,365,000 |

## 27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

### 27.2 Security and repayment terms

| Lender                           | Nature of facility   | Nominal Interest rate                                      | Repayment terms         | Details of collaterals   | Carrying value of facility |             | Carrying value of asset pledged |               |
|----------------------------------|--|--|-------------------------|--|----------------------------|-------------|---------------------------------|---------------|
|                                  |  |  |                         |  | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs.   |
| Sampath Bank PLC (397.961000486) | Term Loan Facility   | 10% p.a. payable monthly together with statutory taxes     | 28 Monthly Installments | Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC   | 6,324,319                  | 17,527,837  | 1,557,589,373                   | 1,370,365,000 |
| Sampath Bank PLC                 | Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme) | 4% Per annum payable monthly together with statutory taxes | 15 Monthly Installments | Loan Agreement for Rs. 15,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC           | -                          | 7,500,000   | 1,557,589,373                   | 1,370,365,000 |
| National Development Bank PLC    | Short Term Loan  | 15.5% Per annum  | 24 Monthly Instalments  | Shares of Waaskaduwa Beach Resort PLC worth of LKR 333,334,000/- which shall be deposited in a Slash Account jointly with the Bank maintained at NDB securities (Private) Limited as per condition 8.2 (v) in the Letter of offer No of Shares 196,078,432 | 29,000,000                 | 66,700,000  | 450,980,394                     | 549,019,610   |

## Notes to the Financial Statements

Year ended 31 March 2024

### 27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.) 27.2 Security and repayment terms

| Lender                            | Nature of facility              | Nominal Interest rate                | Repayment terms         | Details of collaterals  | Carrying value of facility |             | Carrying value of asset pledged |             |  |
|-----------------------------------|---------------------------------|--------------------------------------|-------------------------|---|----------------------------|-------------|---------------------------------|-------------|--|
|                                   |                                 |                                      |                         |   | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs. |  |
| <b>Hikkaduwa Beach Resort PLC</b> |                                 |                                      |                         |   |                            |             |                                 |             |  |
| Pan Asia Banking Corporation PLC  | Term Loan Facility              | AWPLR +3.5% p.a. with a rebate of 2% | 75 Monthly Installments | Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC | 298,919,213                | 298,919,213 | 706,486,700                     | 811,210,660 |  |
| Pan Asia Banking Corporation PLC  | Term Loan Facility (Moratorium) | AWPLR +3.5% p.a. with a rebate of 2% | 24 Monthly Installments | Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC | 4,870,717                  | 4,870,717   | 706,486,700                     | 811,210,660 |  |
| Pan Asia Banking Corporation PLC  | Term Loan Facility              | AWPLR +3.5% p.a. with a rebate of 2% | 24 Monthly Installments | Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC | 53,681,523                 | 53,681,523  | 706,486,700                     | 811,210,660 |  |
| Pan Asia Banking Corporation PLC  | Permanent Overdraft             | AWPLR +3.5% p.a. with a rebate of 2% | 24 Monthly Installments | Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC | 197,328,206                | 195,151,000 | 706,486,700                     | 811,210,660 |  |
| Pan Asia Banking Corporation PLC  | Term Loan Facility              | AWPLR +3.5% p.a. with a rebate of 2% | 24 Monthly Installments | Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC | 27,258,130                 | 27,258,130  | 706,486,700                     | 811,210,660 |  |



**27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)**  
**27.2 Security and repayment terms**

| Lender                            | Nature of facility  | Nominal interest rate                | Repayment terms         | Details of collaterals  | Carrying value of facility |             | Carrying value of asset pledged |             |
|-----------------------------------|---------------------|--------------------------------------|-------------------------|---|----------------------------|-------------|---------------------------------|-------------|
|                                   |                     |                                      |                         |   | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs. |
| <b>Hikkaduwa Beach Resort PLC</b> |                     |                                      |                         |   |                            |             |                                 |             |
| Pan Asia Banking Corporation PLC  | Term Loan Facility  | AWPLR +3.5% p.a. with a rebate of 2% | 24 Monthly Installments | Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC | 57,388,660                 | 57,388,660  | 706,486,700                     | 811,210,660 |
| Pan Asia Banking Corporation PLC  | Term Loan Facility  | AWPLR +3.5% p.a. with a rebate of 2% | 24 Monthly Installments | Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC | 196,153,892                | 196,153,892 | 706,486,700                     | 811,210,660 |
| Nations Trust Bank PLC            | Permanent Overdraft | Weekly<br>AWPLR+5.0% p.a.            | On demand               | Overdraft Agreement for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC                                   | 21,824,493                 | 10,428,703  | -                               | -           |
| Nations Trust Bank PLC            | Term Loan Facility  | 06 Month<br>AWPLR+4.25% p.a.         | 60 Monthly Installments | Term Loan Facility for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC                                    | 4,174,679                  | 18,716,608  | -                               | -           |
| Nations Trust Bank PLC            | Term Loan Facility  | 0% Interest                          | 2 Monthly Installments  | Term Loan Facility for Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC   | 779,091                    | 779,091     | -                               | -           |

## Notes to the Financial Statements

Year ended 31 March 2024

### 27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.) 27.2 Security and repayment terms

| Lender                            | Nature of facility | Nominal interest rate   | Repayment terms          | Details of collaterals   | Carrying value of facility |             | Carrying value of asset pledged |             |
|-----------------------------------|--------------------|---|--------------------------|--|----------------------------|-------------|---------------------------------|-------------|
|                                   |                    |   |                          |  | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs. |
| <b>Hikkaduwa Beach Resort PLC</b> |                    |   |                          |  |                            |             |                                 |             |
| Hatton National Bank PLC          | Term Loan          | AWPLR+2.0% p.a. payable monthly together with statutory taxes. (AWPLR to be reviewed monthly) | 84 Monthly Installments  | Immovable property situated at Paskkuduh depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Arithyapillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. G.K.D.K. Abeyunga (Frv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantees from Citrus Leisure PLC | -                          | 69,792,318  | -                               | 400,613,200 |
| Hatton National Bank PLC          | Term Loan          | 15% p.a   | 21 Monthly Installments. | Immovable property situated at Paskkuduh depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Arithyapillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. G.K.D.K. Abeyunga (Frv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantees from Citrus Leisure PLC | -                          | 10,117,413  | -                               | 400,613,200 |
| Hatton National Bank PLC          | Term Loan          | 8.92% p.a   | 24 Monthly Installments. | Immovable property situated at Paskkuduh depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Arithyapillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. G.K.D.K. Abeyunga (Frv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantees from Citrus Leisure PLC | -                          | 10,635,660  | -                               | 400,613,200 |

## 27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

### 27.2 Security and repayment terms

| Lender                            | Nature of facility     | Nominal Interest rate  | Repayment terms   | Details of collaterals   | Carrying value of facility |             | Carrying value of asset pledged |             |
|-----------------------------------|------------------------|--|---|--|----------------------------|-------------|---------------------------------|-------------|
|                                   |                        |  |   |  | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs. |
| <b>Hikkaduwa Beach Resort PLC</b> |                        |  |   |  |                            |             |                                 |             |
| Hatton National Bank PLC          | Term Loan - Moratorium | 4% pa  | 24 Monthly Installments.  | Immovable property situated at Paskiudah depicted as Lot No. 1 & 2 in Survey Plan No. Ss/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. GKD K. Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC         | -                          | 13,534,693  | -                               | 400,613,200 |
| Hatton National Bank PLC          | Term Loan - Moratorium | 10% pa   | 24 Monthly Installments.  | Immovable property situated at Paskiudah depicted as Lot No. 1 & 2 in Survey Plan No. Ss/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. GKD K. Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC         | -                          | 80,427,978  | -                               | 400,613,200 |
| Hatton National Bank PLC          | Permanent Overdraft    | FD Rate + 2%   | On demand   | Overdraft Agreement for Rs. 9,400,000/- & 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 - Off  | -                          | 7,951,329   | -                               | 7,203,468   |
| Hatton National Bank PLC          | Term Loan              | Initial 12 months - 22% p.a. Subsequent 48 months - AWPLR +2% (Monthly review) | 60 Months (6 Months grace period & balance 54 months equal monthly installment) | Existing registered Primary Floating Mortgage Bond for 199,570,000/- to be enhanced upto Rs.206,000,000/- over the immovable property situated at Paskiudah depicted as Lot No. 1 & 2 in Survey Plan No. Ss/195/2015/KP dated 22/07/2015 made by Mr. S. Anthonypillai – L.S. | 107,700,000                | -           | 400,613,200                     | -           |

## Notes to the Financial Statements

Year ended 31 March 2024

### 27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.) 27.2 Security and repayment terms

| Lender                            | Nature of facility  | Nominal Interest rate  | Repayment terms   | Details of collaterals   | Carrying value of facility |             | Carrying value of asset pledged |             |
|-----------------------------------|---------------------|--|---|--|----------------------------|-------------|---------------------------------|-------------|
|                                   |                     |  |   |  | 2024<br>Rs.                | 2023<br>Rs. | 2024<br>Rs.                     | 2023<br>Rs. |
| <b>Hikkaduwa Beach Resort PLC</b> |                     |  |   |  |                            |             |                                 |             |
| Hatton National Bank PLC          | Term Loan           | Initial 12 months - 22% p.a. Subsequent 48 months - AWPLR +2% (Monthly review)   | 60 Months (6 Months grace period & balance 54 months equal monthly installment) | Existing registered Primary Floating Mortgage Bond for 199,570,000/- to be enhanced upto Rs.206,000,000/- over the Immovable property situated at Pasikudah depicted as Lot No. 1 & 2 in Survey Plan No. SA/195/2015/KP dated 22/07/2015 made by Mr. S. Anthonypillai – L5 | 63,642,254                 | -           | 400,613,200                     | -           |
| Hatton National Bank PLC          | Permanent Overdraft | FD Rate + 2%   | On demand   | Overdraft Agreement for Rs. 7,900,000/- & 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 – Off  | 1,535,336                  | -           | 9,265,014                       | -           |
| 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.12,500,000/- & 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 – Off  | 10,557,459                 | 15,565,377  | 17,731,807                      | 13,809,206  |

**28. ADVANCE RECEIVED FOR LEASEHOLD RIGHTS**

|   | Company     |             |
|---|-------------|-------------|
|   | 2024<br>Rs. | 2023<br>Rs. |
| At the beginning of the year                      | 155,984,825 | 157,777,757 |
| Deferred income on amortization of lease right    | (1,792,932) | (1,792,932) |
| At the end of the year                            | 154,191,893 | 155,984,825 |
| Current advance received for leasehold rights     | 1,792,932   | 1,792,932   |
| Non-Current advance received for leasehold rights | 152,398,961 | 154,191,893 |

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

**29. LEASE LIABILITIES**

|  | Group        |              | Company     |             |
|--|--------------|--------------|-------------|-------------|
|  | 2024<br>Rs.  | 2023<br>Rs.  | 2024<br>Rs. | 2023<br>Rs. |
| At the beginning of the year                           | 164,583,117  | 224,319,395  | 9,407,078   | 12,780,627  |
| Lease entered during the year                          | -            | -            | -           | -           |
| Transferred from interest bearing loans and borrowings | -            | -            | -           | -           |
| Interest expense                                       | 17,535,097   | 25,907,768   | 586,507     | 826,451     |
| Payments   | (89,942,653) | (85,644,046) | (5,040,000) | (4,200,000) |
| At the end of the year                                 | 92,175,560   | 164,583,117  | 4,953,585   | 9,407,078   |
| Current lease liabilities                              | 86,207,985   | 85,357,098   | 4,953,585   | 4,102,698   |
| Non-current lease liabilities                          | 5,967,575    | 79,226,019   | -           | 5,304,380   |

## Notes to the Financial Statements

Year ended 31 March 2024

### 29.1 Total amount recognised in profit or loss

The following are the amounts recognised in profit or loss:

|  | Group             |                   | Company          |                  |
|--|-------------------|-------------------|------------------|------------------|
|  | 2024              | 2023              | 2024             | 2023             |
|  | Rs.               | Rs.               | Rs.              | Rs.              |
| Depreciation expense of right-of-use assets  | 62,334,845        | 62,753,316        | 4,625,236        | 4,674,078        |
| Interest expense on lease liabilities  | 17,535,097        | 25,907,768        | 826,451          | 826,451          |
| Expense relating to short-term leases (included in administrative expenses)          | 1,125,100         | 1,125,100         | -                | -                |
| Expense relating to short-term leases (included in other operating expenses)         | 617,679           | 617,679           | -                | -                |
| Expense relating to leases of low-value assets (included in administrative expenses) | 1,180,000         | 1,180,000         | -                | -                |
| <b>Total amount recognised in profit or loss</b>                                     | <b>82,792,721</b> | <b>91,583,863</b> | <b>5,451,687</b> | <b>5,500,529</b> |

### 29.2 Details of lease liabilities recognised due to ROU assets

| Company                    | Nature of the lease activities | Remaining lease period as at 31.03.2023 (No. of years) |
|----------------------------|--------------------------------|--|
| Citrus Leisure PLC         | Lease land and building        | 1 Year and 5 Months                                    |
| Citrus Silver Limited      | Lease land and building        | 2.2 - 2.9  |
| Hikkaduwa Beach Resort PLC | Lease land                     | 86.8   |

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

**30 TRADE AND OTHER PAYABLES**

|   | Group                |                      | Company              |                    |
|---|----------------------|----------------------|----------------------|--------------------|
|   | 2024<br>Rs.          | 2023<br>Rs.          | 2024<br>Rs.          | 2023<br>Rs.        |
| Trade payables - others                         | 89,515,965           | 88,078,160           | -                    | -                  |
| - Related parties (Note 30.1)                   | 6,433,148            | 8,510,224            | -                    | -                  |
| Sundry creditors including accrued expenses     | 337,949,872          | 426,908,380          | 18,759,382           | 10,410,766         |
| Notes payable                                   | 456,220,758          | 276,168,148          | 8,058,859            | 12,998,313         |
| Other payables - others                         | 72,227,682           | 57,481,565           | -                    | -                  |
| - Related parties (Note 30.1)                   | 1,618,834,430        | 675,333,509          | 1,437,184,442        | 596,153,206        |
| Tenant deposits - Related parties               | -                    | -                    | 1,170,000            | 1,170,000          |
| Advance received for leasehold rights (Note 28) | -                    | -                    | 1,792,932            | 1,792,932          |
|   | <b>2,581,181,855</b> | <b>1,532,479,986</b> | <b>1,466,965,613</b> | <b>622,525,217</b> |
| <b>Non-current other payables</b>               | -                    | -                    | <b>19,327,413</b>    | <b>16,539,906</b>  |
| <b>Current trade and other payables</b>         | <b>2,581,181,855</b> | <b>1,532,479,986</b> | <b>1,447,638,200</b> | <b>605,985,311</b> |

For terms and conditions with related parties, refer to Note 33.1.

For explanations on the Group's liquidity risk management processes, refer to Note 36.

## Notes to the Financial Statements

Year ended 31 March 2024

### 30. TRADE AND OTHER PAYABLE (Contd.) 30.1 Other Payables to Related Parties - Group

| Relationship                          | 2024          |               |               | 2023        |               |               |
|---------------------------------------|---------------|---------------|---------------|-------------|---------------|---------------|
|                                       | Total         | Current-Trade | Current-Other | Total       | Current-Trade | Current-Other |
|                                       | Rs.           | Rs.           | Rs.           | Rs.         | Rs.           | Rs.           |
| George Stewart & Company Limited      | 1,618,206,156 | -             | 1,618,206,156 | 672,967,832 | -             | 672,967,832   |
| Triad (Pvt) Ltd                       | 1,481,030     | 1,481,030     | -             | 2,007,560   | 2,007,560     | -             |
| Divasa Equity (Pvt) Ltd               | 806,623       | 806,623       | -             | 806,623     | 806,623       | -             |
| George Stewart Health (Pvt) Ltd.      | -             | -             | -             | 138,780     | 138,780       | -             |
| George Stewart Consumer (Pvt) Ltd.    | 1,357,044     | 1,357,044     | -             | 2,574,525   | 2,574,525     | -             |
| HVA Foods PLC                         | 1,044,247     | 415,973       | 628,273       | 2,392,713   | 27,036        | 2,365,677     |
| Adpack Productions (Pvt) Ltd          | 393,200       | 393,200       | -             | 393,200     | 393,200       | -             |
| George Stewart Teas (Pvt) Ltd         | 98,112        | 98,112        | -             | -           | -             | -             |
| George Stewart Solutions (Pvt) Ltd    | 192,269       | 192,269       | -             | 1,195,887   | 1,195,887     | -             |
| George Stewart Laboratories (Pvt) Ltd | 51,435        | 51,435        | -             | 51,435      | 51,435        | -             |
| George Stewart Investments            | -             | -             | -             | 8,681       | 8,681         | -             |
| Enagewise (Private) Ltd               | 91,9252       | 91,9252       | -             | 883,252     | 883,252       | -             |
| Printage (Pvt) Ltd                    | 464,361       | 464,361       | -             | 375,703     | 375,703       | -             |
| Hammer BTL (Pvt) Ltd                  | 35,048        | 35,048        | -             | 47,542      | 47,542        | -             |
| George Stewart Travels (Pvt) Ltd      | 218,800       | 218,800       | -             | -           | -             | -             |
|                                       | 1,625,267,577 | 6,433,148     | 1,618,834,430 | 683,843,733 | 8,510,224     | 675,333,509   |

### Other Payables to Related Parties - Company

| Relationship                     | 2024          |             |               | 2023        |             |               |
|----------------------------------|---------------|-------------|---------------|-------------|-------------|---------------|
|                                  | Total         | Non current | Current-Other | Total       | Non current | Current-Other |
|                                  | Rs.           | Rs.         | Rs.           | Rs.         | Rs.         | Rs.           |
| George Stewart & Company Limited | 1,416,880,657 | -           | 1,416,880,657 | 578,817,632 | -           | 578,817,632   |
| Citrus Aqua Limited              | 19,325,638    | 18,157,413  | 1,168,224     | 17,335,574  | 16,539,906  | 795,668       |
| Citrus IT (Pvt) Limited          | 978,148       | -           | 978,148       | -           | -           | -             |
|                                  | 1,437,184,442 | 18,157,413  | 1,419,027,028 | 596,153,206 | 16,539,906  | 579,613,300   |



**31. CONTRACT LIABILITIES**

|   | Company           |                    |
|---|-------------------|--------------------|
|   | 2024              | 2023               |
|   | Rs.               | Rs.                |
| Advance received for future room reservations       | 17,512,788        | 128,459,695        |
| Advance received for future banquet reservations    | 6,194,715         | 8,480,598          |
| Advance received for cancelled banquet reservations | 1,652,248         | 1,652,110          |
|   | <b>25,359,751</b> | <b>138,592,403</b> |

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

**32. MATERIAL PARTLY-OWNED SUBSIDIARIES**

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

**32.1 Non-controlling interest (NCI) in subsidiaries**

| As at 31 March     | 2024                                    |   | 2023                                    |   |
|--------------------|---|---|---|---|
|                    | Waskaduwa<br>Beach Resort<br>PLC<br>Rs. | Hikkaduwa<br>Beach Resort<br>PLC<br>Rs. | Waskaduwa<br>Beach Resort<br>PLC<br>Rs. | Hikkaduwa<br>Beach Resort<br>PLC<br>Rs. |
| NCI Percentage (%) | 31.37%                                  | 17.14%                                  | 31.37%                                  | 17.14%                                  |

**32.2 Summarised statement of total comprehensive income**

| Year ended 31 March                                | 2024                                    |   | 2023                                    |   |
|--|---|---|---|---|
|  | Waskaduwa<br>Beach Resort<br>PLC<br>Rs. | Hikkaduwa<br>Beach Resort<br>PLC<br>Rs. | Waskaduwa<br>Beach Resort<br>PLC<br>Rs. | Hikkaduwa<br>Beach Resort<br>PLC<br>Rs. |
| Revenue  | 1,091,134,245                           | 563,225,991                             | 749,295,592                             | 450,407,316                             |
| Cost of sales                                      | (410,409,397)                           | (179,869,502)                           | (295,446,874)                           | (139,384,823)                           |
| Administrative expenses                            | (330,362,344)                           | (167,032,979)                           | (313,010,867)                           | (137,458,239)                           |
| Finance costs                                      | (353,447,323)                           | (304,531,553)                           | (508,911,304)                           | (330,538,441)                           |
| Profit/(loss) before tax                           | (407,249,493)                           | (147,913,203)                           | (709,275,113)                           | (382,008,799)                           |
| Income tax   | (894,555)                               | (112,067,054)                           | 1,108,366                               | (158,661,149)                           |
| Profit/(loss) for the year                         | (408,144,048)                           | (259,980,257)                           | (708,166,747)                           | (540,669,949)                           |
| Total comprehensive income/<br>(loss) for the year | (272,390,986)                           | (114,523,607)                           | (644,197,075)                           | (550,964,896)                           |

## Notes to the Financial Statements

Year ended 31 March 2024

### 32.3 Summarised statement of financial position

| As at 31 March          | 2024                                    |   | 2023                                    |   |
|-------------------------|---|---|---|---|
|                         | Waskaduwa<br>Beach Resort<br>PLC<br>Rs. | Hikkaduwa<br>Beach Resort<br>PLC<br>Rs. | Waskaduwa<br>Beach Resort<br>PLC<br>Rs. | Hikkaduwa<br>Beach Resort<br>PLC<br>Rs. |
| Current assets          | 304,399,124                             | 114,550,481                             | 153,083,834                             | 167,210,733                             |
| Non-current assets      | 5,525,434,518                           | 7,051,643,332                           | 4,983,705,254                           | 6,417,877,658                           |
| Current liabilities     | (830,039,145)                           | (1,329,495,668)                         | (681,374,618)                           | (816,709,724)                           |
| Non-current liabilities | (3,370,544,525)                         | (1,674,102,014)                         | (2,553,773,508)                         | (1,491,258,847)                         |
| Total equity            | 1,629,249,972                           | 4,162,596,131                           | 1,901,640,963                           | 4,277,119,820                           |

### 32.4 Summarised cash flow information

| Year ended 31 March                                       | 2024                                    |   | 2023                                    |   |
|---|---|---|---|---|
|   | Waskaduwa<br>Beach Resort<br>PLC<br>Rs. | Hikkaduwa<br>Beach Resort<br>PLC<br>Rs. | Waskaduwa<br>Beach Resort<br>PLC<br>Rs. | Hikkaduwa<br>Beach Resort<br>PLC<br>Rs. |
| Operating   | (296,112,606)                           | (147,498,151)                           | (35,642,555)                            | (102,871,349)                           |
| Investing   | (18,722,345)                            | (18,222,056)                            | (730,797)                               | 153,928,022                             |
| Financing   | 329,894,351                             | 177,053,942                             | 37,135,175                              | (55,628,092)                            |
| Net increase / (decrease) in<br>cash and cash equivalents | 15,059,400                              | 11,333,735                              | 761,823                                 | (4,571,419)                             |

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

### 33. RELATED PARTY DISCLOSURES

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

#### 33.1 Terms and conditions of transactions with related parties

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

Outstanding balances at the year-end are unsecured and interest is charge at 12% [nine (09) months] up to December 2023 and AWPLR from January 2024 for George Stuart & Co. Ltd.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.14.8 (2) is on page 27 - Annual Report of the Board of Directors on the Affairs of the Company.

### 33. RELATED PARTY DISCLOSURES (Contd.)

#### 33.2 Transaction with the parent and related entities - Group

Details of significant related party disclosures are as follows:

| Nature of transactions  | Parent Company  |               | Affiliate entities* |              | Total           |               |
|---|-----------------|---------------|---------------------|--------------|-----------------|---------------|
|   | 2024<br>Rs.     | 2023<br>Rs.   | 2024<br>Rs.         | 2023<br>Rs.  | 2024<br>Rs.     | 2023<br>Rs.   |
| <b>As at 1 April</b>  | (672,967,832)   | (485,965,340) | 42,257              | 5,823,034    | (672,925,575)   | (480,142,304) |
| <b>Recurrent transactions</b>   |                 |               |                     |              |                 |               |
| Fund transfer from  | (737,263,839)   | (132,500,000) | -                   | -            | (737,263,839)   | (132,500,000) |
| Expenses incurred on behalf of the Company  | -               | -             | (1,275,205)         | (4,901,115)  | (1,275,205)     | (4,901,115)   |
| Expenses incurred on behalf of the related party                                  | -               | -             | -                   | -            | -               | -             |
| Inter-company interest expense  | (107,390,208)   | (42,714,559)  | -                   | -            | (107,390,208)   | (42,714,559)  |
| WHT deducted on inter company interest expense                                    | 1,591,023       | 640,267       | -                   | -            | 1,591,023       | 640,267       |
| Other settlements made  | 5,000,000       | 10,000,000    | 30,907,908          | 42,088,371   | 35,907,908      | 52,088,371    |
| Settlement payments received for expenses incurred on behalf of the related party | -               | -             | -                   | (4,590,410)  | -               | (4,590,410)   |
| Building lease payable  | (88,201,500)    | (86,169,500)  | -                   | -            | (88,201,500)    | (86,169,500)  |
| Settlement of building leases   | (18,973,800)    | 63,741,300    | -                   | 43,557       | (18,973,800)    | 63,784,857    |
| Trading nature transactions (sales)   | -               | -             | 43,160,615          | 11,035,929   | 43,160,615      | 11,035,929    |
| Settlements for trading nature transactions (sales receipts)                      | -               | -             | (26,354,874)        | (13,893,981) | (26,354,874)    | (13,893,981)  |
| Purchase of goods/ services   | -               | -             | (35,695,923)        | (35,563,128) | (35,695,923)    | (35,563,128)  |
| Collection of goods and services  | -               | -             | 826,886             | -            | 826,886         | -             |
| <b>As at 31 March</b>   | (1,618,206,156) | (672,967,832) | 11,611,664          | 42,257       | (1,606,594,494) | (672,925,575) |
| <b>Included in</b>  |                 |               |                     |              |                 |               |
| Trade and other receivables - current (Note 21.3)                                 | -               | -             | 18,673,087          | 10,918,158   | 18,673,086      | 10,918,159    |
| Trade and other payable - current (Note 30.1)                                     | (1,618,206,156) | (672,967,832) | (7,061,421)         | (10,875,902) | (1,625,267,578) | (683,843,733) |
|   | (1,618,206,156) | (672,967,832) | 11,611,664          | 42,257       | (1,606,594,494) | (672,925,575) |

\*Affiliate companies represents entities controlled 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, Tirad (Pvt) Ltd, George Steuart Capital (Pvt) Ltd, George Steuart Consumer (Pvt) Ltd, George Steuart Investment (Pvt) Ltd, Emagewise (Pvt) Ltd, Power House Limited, Colombo Land & Development Company PLC, HVA Food PLC, Divasa Equity (Pvt) Ltd, Adpack Productions (Pvt) Ltd, Printage (Pvt) Ltd, Hard Talk (Pvt) Ltd, Liberty Publishers (Pvt) Ltd and Hammer BTL (Pvt) Ltd.

## Notes to the Financial Statements

Year ended 31 March 2024

### 33 RELATED PARTY DISCLOSURES (Contd.) 33.3 Transaction with the parent, subsidiaries and related entities- Company

| Nature of Transaction   | Parent Company  |               | Subsidiaries  |               | Affiliate entities* |             | Total           |               |
|---|-----------------|---------------|---------------|---------------|---------------------|-------------|-----------------|---------------|
|   | 2024<br>Rs.     | 2023<br>Rs.   | 2024<br>Rs.   | 2023<br>Rs.   | 2024<br>Rs.         | 2023<br>Rs. | 2024<br>Rs.     | 2023<br>Rs.   |
| <b>As at 1 April</b>  | (578,817,632)   | (414,243,340) | 344,159,183   | 232,681,913   | 1,797,898           | 6,270,056   | (232,860,551)   | (175,291,371) |
| <b>Recurrent transactions</b>                                       |                 |               |               |               |                     |             |                 |               |
| Fund transfer from  | (737,263,839)   | (132,500,000) | -             | -             | -                   | -           | (737,263,839)   | (132,500,000) |
| Fund transfer to  | -               | -             | 745,436,690   | 147,390,360   | -                   | -           | 745,436,690     | 147,390,360   |
| Expenses incurred on behalf of the company                          | -               | -             | (27,328,251)  | (1,567,620)   | -                   | -           | (27,328,251)    | (1,567,620)   |
| Expenses incurred on behalf of the related parties                  | -               | -             | 33,483,021    | 37,167,730    | -                   | -           | 33,483,021      | 37,167,730    |
| Inter-company interest income                                       | (107,390,208)   | (42,714,559)  | 79,429,064    | 37,083,292    | -                   | -           | 79,429,064      | 37,083,292    |
| Inter-company interest expense                                      | 5,000,000       | 10,000,000    | (2,125,234)   | (2,396,151)   | -                   | -           | (109,515,441)   | (45,110,711)  |
| Interest and other settlements made                                 | -               | -             | 100,000       | 100,000       | 726,027             | 4,187,836   | 5,726,027       | 14,287,836    |
| WHT deducted on intercompany interest expenses                      | -               | -             | (121,965,054) | (167,085,517) | -                   | -           | (121,965,054)   | (3,916,993)   |
| WHT deducted on inter-company interest income                       | -               | -             | 93,315,581    | 62,393,389    | -                   | -           | 93,315,581      | (404,263)     |
| Funds received for interest, management fees, and other settlements | 1,591,023       | 640,267       | 51,945        | 24,024        | -                   | (4,581,284) | 1,642,968       | (167,085,517) |
| Management fees   | -               | -             | (27,597)      | (404,263)     | -                   | -           | (27,597)        | 62,393,389    |
| Collection made by the company on behalf of others                  | -               | -             | 18,000        | (1,227,974)   | -                   | -           | 18,000          | (1,227,974)   |
| Goods/ Service obtained   | -               | -             | -             | -             | (1,626,027)         | (4,078,710) | (1,626,027)     | (4,078,710)   |
| <b>Non-recurrent transactions</b>                                   |                 |               |               |               |                     |             |                 |               |
| Non-refundable deposit paid on behalf of the related parties        | -               | -             | -             | -             | -                   | -           | -               | -             |
| Refundable deposit paid on behalf of the related parties            | -               | -             | -             | -             | -                   | -           | -               | -             |
| <b>As at 31 March</b>   | (1,416,880,657) | (578,817,632) | 1,144,447,346 | 344,159,183   | 897,898             | 1,797,898   | (271,535,411)   | (232,860,551) |
| <b>Inded in</b>   |                 |               |               |               |                     |             |                 |               |
| Trade and other receivables - non current (Note 21.3)               | -               | -             | 1,061,937,192 | 319,884,977   | -                   | -           | 1,061,937,192   | 319,884,977   |
| Trade and other receivables - current (Note 21.3)                   | -               | -             | 103,005,794   | 42,779,780    | 897,898             | 1,797,898   | 103,903,692     | 44,577,678    |
| Trade and other payable - non current (Note 30.1)                   | -               | -             | (18,157,413)  | (165,399,906) | -                   | -           | (18,157,413)    | (165,399,906) |
| Trade and other payable - current (Note 30.1)                       | (1,416,880,657) | (578,817,632) | (1,168,224)   | (795,668)     | -                   | -           | (1,418,048,880) | (579,613,300) |
| Trade and other payable - Tenant Deposits (Note 30)                 | -               | -             | (1,170,000)   | (1,170,000)   | -                   | -           | (1,170,000)     | (1,170,000)   |
|   | (1,416,880,657) | (578,817,632) | 1,144,447,346 | 344,159,183   | 897,898             | 1,797,898   | (271,535,411)   | (232,860,551) |

\* Affiliate Companies include: George Stewart Consumer (Pvt) Ltd, George Stewart Solutions (Pvt) Ltd, Emagwise (Pvt) Ltd, George Stewart Capital (Pvt) Ltd, George Stewart Travels (Pvt) Ltd, Liberty Publishers (Pvt) Ltd and Printage (Pvt) Ltd.

### **33.4 Key Management Personnel (KMP)**

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

#### **KMP of the Company**

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

#### **KMP of the Group**

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

#### ***33.4.1 Other Transactions with Key Management Personnel***

##### **Loans to Directors**

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

##### **Key Management Personnel Compensation**

The details of compensation are given in Note 08 to the Financial Statements.

##### **Other Transactions with Key Management Personnel**

Details of Directors shareholding is given on page 184.

## Notes to the Financial Statements

Year ended 31 March 2024

### 34. COMMITMENTS AND CONTINGENCIES

#### 34.1 Commitments

##### (a) Capital Commitments

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

##### (b) Operating Lease Commitments

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

| As at 31 March                              | Group            |                   | Company          |                   |
|---|------------------|-------------------|------------------|-------------------|
|   | 2024<br>Rs.      | 2023<br>Rs.       | 2024<br>Rs.      | 2023<br>Rs.       |
| Not later than 1 year                       | 5,040,000        | 5,054,400         | 5,040,000        | 5,054,400         |
| Later than 1 year and no later than 5 years | -                | 9,266,400         | -                | 9,266,400         |
|   | <b>5,040,000</b> | <b>14,320,800</b> | <b>5,040,000</b> | <b>14,320,800</b> |

#### 34.2 Contingent Liabilities

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

### 35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

As disclosed in Note 27 and 27.1, the repayment dates of short-term facilities totaling LKR 668.3 million, which were due before the approval of these financial statements, have been extended. The restructuring of these loans occurred subsequent to the reporting date.

## 36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 36.1 Overview

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

- Market risk
- Liquidity risk
- Credit risk

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

### 36.2 Risk management framework

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

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

### 36.3 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 2023 and 2024.

## Notes to the Financial Statements

Year ended 31 March 2024

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

#### 36.3.1 Interest rate risk

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

#### Interest rate sensitivity

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

|                       |              | Change in Profit before tax |               |
|-----------------------|--------------|-----------------------------|---------------|
|                       |              | 2024<br>Rs.                 | 2023<br>Rs.   |
| Change in basis point | +50 (0.5%)   | (7,706,632)                 | (15,976,880)  |
| Change in basis point | -50 (-0.5%)  | 7,706,632                   | 15,976,880    |
| Change in basis point | +500 (5%)    | (77,066,324)                | (159,768,801) |
| Change in basis point | -500 (-5%)   | 77,066,324                  | 159,768,801   |
| Change in basis point | +1000 (10%)  | (154,132,647)               | (368,008,105) |
| Change in basis point | -1000 (-10%) | 154,132,647                 | 368,008,105   |



### 36.3.2 Foreign exchange risk

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

|                                |      | Change in Profit before tax |             |
|--------------------------------|------|-----------------------------|-------------|
|                                |      | 2024<br>Rs.                 | 2023<br>Rs. |
| Change in exchange rate (USD)  | +5%  | 1,120,483                   | 184,516     |
| Change in exchange rate (USD)  | -5%  | (1,120,483)                 | (184,516)   |
| Change in exchange rate (USD)  | +25% | 5,602,414                   | 922,578     |
| Change in exchange rate (USD)  | -25% | (5,602,414)                 | (922,578)   |
| Change in exchange rate (Euro) | +5%  | 8,174                       | 232,052     |
| Change in exchange rate (Euro) | -5%  | (8,174)                     | (232,052)   |
| Change in exchange rate (Euro) | +25% | 40,871                      | 1,160,261   |
| Change in exchange rate (Euro) | -25% | (40,871)                    | (1,160,261) |
| Change in exchange rate (GBP)  | +5%  | 24,543                      | -           |
| Change in exchange rate (GBP)  | -5%  | (24,543)                    | -           |
| Change in exchange rate (GBP)  | +25% | 122,714                     | -           |
| Change in exchange rate (GBP)  | -25% | (122,714)                   | -           |

#### 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 (USD) | 300        | 318        |
| Euro                       | 325        | 347        |
| GBP                        | 380        | -          |

## Notes to the Financial Statements

Year ended 31 March 2024

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

#### 36.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as so far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and difficult conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group continuously prepare and monitors rolling cash flow forecasts and access the liquidity requirements of each operating unit to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets. At the reporting date, the group held term deposits that are expected to readily generate cash inflows for managing liquidity risk of liabilities as at the reporting date.

#### Maturity analysis - Group

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

|                                       | Payable on demand<br>Rs. | Within 1 year<br>Rs. | Between 2-5 years<br>Rs. | More than 5 years<br>Rs. | Total<br>Rs.         |
|---------------------------------------|--------------------------|----------------------|--------------------------|--------------------------|----------------------|
| <b>As at 31 March 2024</b>            |                          |                      |                          |                          |                      |
| <b>Financial liabilities</b>          |                          |                      |                          |                          |                      |
| Interest bearing loans and borrowings | 386,731,260              | 935,251,308          | 1,795,058,651            | 992,445,988              | 4,109,487,207        |
| Lease liabilities                     | -                        | 86,207,985           | 5,967,575                | -                        | 92,175,560           |
| Trade and other payables              | -                        | 2,581,181,855        | -                        | -                        | 2,581,181,855        |
|                                       | <b>386,731,260</b>       | <b>3,602,641,148</b> | <b>1,801,026,226</b>     | <b>992,445,988</b>       | <b>6,782,844,622</b> |

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

|                                       | Payable on demand<br>Rs. | Within 1 year<br>Rs. | Between 2-5 years<br>Rs. | More than 5 years<br>Rs. | Total<br>Rs.         |
|---------------------------------------|--------------------------|----------------------|--------------------------|--------------------------|----------------------|
| <b>As at 31 March 2023</b>            |                          |                      |                          |                          |                      |
| <b>Financial liabilities</b>          |                          |                      |                          |                          |                      |
| Interest bearing loans and borrowings | 411,389,800              | 547,090,150          | 1,672,216,528            | 958,152,959              | 3,588,849,437        |
| Lease liabilities                     | -                        | 85,357,098           | 179,420,800              | -                        | 264,777,898          |
| Trade and other payables              | -                        | 1,532,479,986        | -                        | -                        | 1,532,479,986        |
|                                       | <b>411,389,800</b>       | <b>2,164,927,234</b> | <b>1,851,637,328</b>     | <b>958,152,959</b>       | <b>5,386,107,320</b> |

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)****Maturity analysis - Company**

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

|                                       | Payable on demand<br>Rs. | Within 1 year<br>Rs. | Between 2-5 years<br>Rs. | More than 5 years<br>Rs. | Total<br>Rs.  |
|---------------------------------------|--------------------------|----------------------|--------------------------|--------------------------|---------------|
| <b>As at 31 March 2024</b>            |                          |                      |                          |                          |               |
| <b>Financial liabilities</b>          |                          |                      |                          |                          |               |
| Interest bearing loans and borrowings | 12,043,184               | -                    | -                        | -                        | 12,043,184    |
| Lease liabilities                     | -                        | 4,102,698            | 850,887                  | -                        | 4,953,585     |
| Trade and other payables              | -                        | 1,447,638,200        | 19,327,413               | -                        | 1,466,965,613 |
|                                       | 12,043,184               | 1,451,740,898        | 20,178,301               | -                        | 1,483,962,382 |

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

|                                       | Payable on demand<br>Rs. | Within 1 year<br>Rs. | Between 2-5 years<br>Rs. | More than 5 years<br>Rs. | Total<br>Rs. |
|---------------------------------------|--------------------------|----------------------|--------------------------|--------------------------|--------------|
| <b>As at 31 March 2023</b>            |                          |                      |                          |                          |              |
| <b>Financial liabilities</b>          |                          |                      |                          |                          |              |
| Interest bearing loans and borrowings | 13,494,526               | -                    | -                        | -                        | 13,494,526   |
| Lease liabilities                     | -                        | 4,102,698            | 5,304,380                | -                        | 9,407,078    |
| Trade and other payables              | -                        | 605,985,311          | 16,539,906               | -                        | 622,525,217  |
|                                       | 13,494,526               | 610,088,009          | 21,844,286               | -                        | 645,426,821  |

## Notes to the Financial Statements

Year ended 31 March 2024

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

#### 36.5 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Group's maximum exposure to credit risk at the reporting date were as follows;

|                              | 2024<br>Rs.        | 2023<br>Rs.        |
|------------------------------|--------------------|--------------------|
| Trade and other receivables  | 372,373,861        | 242,638,691        |
| Investments in bank deposits | 138,759            | 67,263,935         |
| Cash at bank                 | 12,667,170         | 32,795,677         |
|                              | <b>385,179,790</b> | <b>342,698,303</b> |

#### 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 2023 and 2024 is the carrying amounts as disclosed in Note 22.

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

|                    | 2024<br>Rs.        | 2023<br>Rs.        |
|--------------------|--------------------|--------------------|
| Individual debtors | 23,147,380         | 14,959,168         |
| Corporate debtors  | 320,034,162        | 205,257,174        |
|                    | <b>343,358,291</b> | <b>220,216,342</b> |

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 21.1 to the financial statements.

### 36.5 Credit risk

#### Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 112.1 MN at 31 March 2024 (2023 - Rs. 110.3 Mn) which represents its maximum credit exposure on these assets.

**Respective credit ratings of banks which group cash balances held are as follows;**

Sampath Bank PLC – 'A (lka)

Commercial Bank of Ceylon PLC – 'A(lka)

Hatton National Bank PLC – 'A(lka)

People's Bank – 'A(lka)

Pan Asia Banking Corporation PLC Bank – 'BBB-(lka)

National Development Bank PLC – 'A-(lka)

Bank of Ceylon – 'A(lka)

Nations Trust Bank PLC – 'A-(lka)

Union Bank of Colombo PLC – 'BBB-(lka)

### 37. CAPITAL MANAGEMENT

The Groups objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of the capital.

The capital of the company consist of the following:

#### Equity capital

- Ordinary share capital

#### Debt

- Long term bank borrowings
- Long term related party borrowings

The group monitors capital on the basis of the debt equity ratio. This ratio is calculated based on the long term interest bearing debt and divided by total equity capital. `

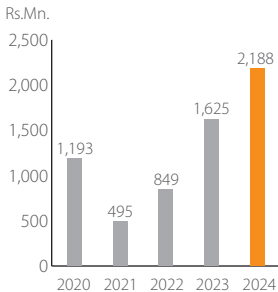
1. Maintain sufficient capital to meet minimum regulatory requirements. (Companies Act).
2. Group's future developments, investments and business strategies.

The Gearing ratio of the Group is 93% (2023 - 96%) and the Company is 0.62% (2023 - 0.52%). The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions, and continues looking for ways of improving its capital structure in order to support the Group's Business strategies.

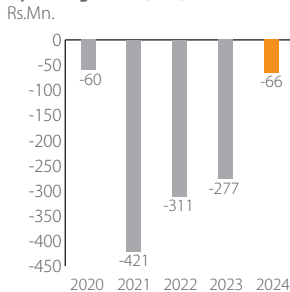
# Five Year Summary

| Year ended 31 March                                 | 2024<br>Rs. 000 | 2023<br>Rs. 000 | 2022<br>Rs. 000 | 2021<br>Rs. 000 | 2020<br>Rs. 000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>TRADING RESULTS</b>                              |                 |                 |                 |                 |                 |
| Revenue   | 2,186,308       | 1,625,242       | 848,527         | 494,930         | 1,193,500       |
| Operating profit /(loss)                            | (64,679)        | (277,004)       | (311,378)       | (421,082)       | (60,042)        |
| Profit/(loss) before tax                            | (728,515)       | (1,282,224)     | (592,052)       | (746,927)       | (429,968)       |
| Tax (expense)/reversal                              | (117,642)       | (155,039)       | 30,229          | 31,619          | 6,829           |
| Profit/(loss) after tax                             | (846,158)       | (1,437,263)     | (561,822)       | (715,308)       | (423,139)       |
| Profit/(loss) attributable to owners of the parent  | (672,700)       | (1,133,779)     | (459,299)       | (604,345)       | (365,870)       |
| Non-controlling interest                            | (173,458)       | (303,484)       | (102,524)       | (110,963)       | (57,269)        |
| <b>Funds employed</b>                               |                 |                 |                 |                 |                 |
| Stated capital                                      | 3,256,173       | 3,256,173       | 3,256,173       | 3,256,173       | 3,256,173       |
| Capital reserves                                    | 1,829,640       | 1,615,511       | 1,581,654       | 948,332         | 706,664         |
| Revenue reserves                                    | (3,236,783)     | (2,559,954)     | (1,428,454)     | (1,076,657)     | (561,897)       |
| Equity attributable to owners of the company        | 1,849,030       | 2,311,730       | 3,409,373       | 3,127,848       | 3,400,940       |
| Non-controlling interests                           | 943,274         | 1,049,217       | 1,334,399       | 1,044,602       | 926,093         |
| Borrowings  | 2,599,169       | 3,221,934       | 2,785,539       | 2,517,320       | 2,620,282       |
| <b>Assets Employed</b>                              |                 |                 |                 |                 |                 |
| Non-current assets                                  | 10,260,479      | 9,530,642       | 9,625,517       | 8,592,905       | 8,284,289       |
| Current assets                                      | 582,715         | 461,548         | 329,471         | 214,143         | 292,901         |
| Current liability of borrowings                     | 1,316,351       | 1,532,480       | 961,899         | 810,183         | 439,929         |
| Capital employed                                    | 5,391,473       | 6,582,881       | 7,529,311       | 6,689,771       | 6,947,314       |
| <b>Cashflow</b>                                     |                 |                 |                 |                 |                 |
| Net cash inflow/(outflow) from operating activities | 303,931         | 113,468         | 63,533          | (154,516)       | 101,351         |
| Net cash inflow/(outflow) from investing activities | (35,804)        | (57,285)        | 100,362         | 132,065         | (93,092)        |
| Net cash inflow/(outflow) from financing activities | (241,635)       | (65,576)        | (90,559)        | 26,905          | 41,213          |
| Increase /(decrease) in cash and cash equivalents   | 26,493          | (9,392)         | 73,335          | 4,455           | 49,471          |
| <b>Key Indicators</b>                               |                 |                 |                 |                 |                 |
| Earnings/(loss) per Share - Basic (Rs.)             | (2.52)          | (4.24)          | (1.72)          | (2.26)          | (1.47)          |
| Dividend per share (Rs.)                            | -               | -               | -               | -               | -               |
| Dividend payout ratio (%)                           | -               | -               | -               | -               | -               |
| Net assets value per share (Rs.)                    | 6.92            | 8.65            | 12.76           | 11.70           | 12.73           |
| Market price per share (Rs.)                        | 5.00            | 5.80            | 5.80            | 8.30            | 5.80            |
| Return on capital employed (%)                      | -1.20%          | -4.21%          | -4.1%           | -6.3%           | -0.9%           |
| Current ratio (times)                               | 0.15            | 0.18            | 0.17            | 0.13            | 0.25            |
| Debt to equity ratio (times)                        | 0.93            | 0.96            | 0.59            | 0.60            | 0.61            |

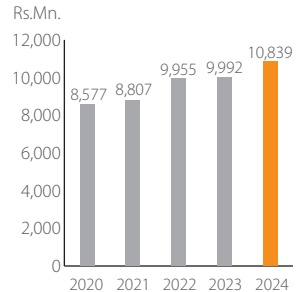
## Revenue



## Operating Profit/(loss)

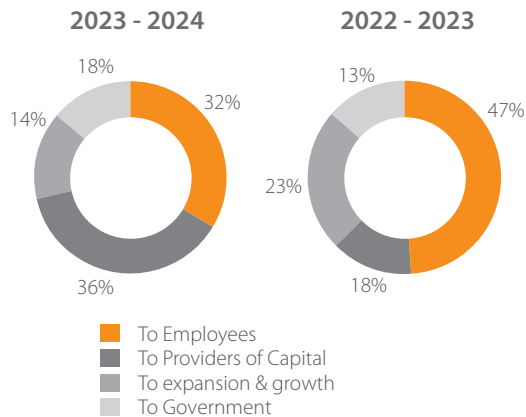


## Total Assets



## Statement of Value Added

|   | 2023/2024       |      | 2022/2023       |      |
|---|-----------------|------|-----------------|------|
|   | (Rs.)           |      | Rs.             |      |
| Turnover  | 2,186,308,113   |      | 1,625,242,078   |      |
| Other income                                      | 111,670,010     |      | (71,833,100)    |      |
|   | 2,297,978,123   |      | 1,553,408,978   |      |
| Less: Cost of material & services bought in       | (1,539,757,420) |      | (1,243,446,345) |      |
|   | 758,220,703     |      | 309,962,633     |      |
| <b>Value allocated to employees</b>               |                 |      |                 |      |
| Salaries & wages and other benefits               | 675,522,861     | 31%  | 551,368,540     | 47%  |
| <b>To Government</b>                              |                 |      |                 |      |
| VAT, income tax, and other taxes                  | 483,284,479     | 22%  | 147,646,215     | 13%  |
| <b>To providers of capital</b>                    |                 |      |                 |      |
| Loan Interest and Dividend                        | 747,385,539     | 34%  | 214,233,794     | 18%  |
| <b>To expansion &amp; growth</b>                  |                 |      |                 |      |
| Impairment, depreciation and Retained in business | 285,511,730     | 13%  | 267,114,276     | 23%  |
|   | 2,191,704,609   | 100% | 1,180,362,825   | 100% |



# Share Information

## Ordinary shareholders

There were 4,066 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              | 2,505         | 665,207            | 0.25       |
|              | 1,001          | 1,081         | 4,037,754          | 1.51       |
|              | 10,001         | 404           | 12,780,971         | 4.78       |
|              | 100,001        | 65            | 13,811,993         | 5.17       |
|              | Over 1,000,000 | 11            | 235,933,798        | 88.29      |
| <b>Total</b> |                | <b>4,066</b>  | <b>267,229,723</b> | <b>100</b> |

## Analysis of shareholders

| Categories of shareholders | No of Holders | No of Shares       | %          |
|----------------------------|---------------|--------------------|------------|
| Local Individuals          | 3,878         | 28,592,217         | 10.70      |
| Local Institutions         | 169           | 238,327,350        | 89.18      |
| Foreign Individuals        | 17            | 24,756             | 0.01       |
| Foreign Institutions       | 2             | 285,400            | 0.11       |
| <b>Total</b>               | <b>4,066</b>  | <b>267,229,723</b> | <b>100</b> |

The percentage of issued shares held by the public as at 31st March 2024 was 20.271% (As at 31 March 2023 was 20.078%) and the number of shareholders was 4,066 (As at 31 March 2023 was 3,946).

The Float Adjusted Market Capitalisation of the Company as at 31 March 2024 is Rs. 270,853,030/- and the Company falls under Option 5 of Rule 7.13.1 (i) (a) of the Listing Rules of the CSE.

## Share Prices for the year

| Market price per share  | As at<br>31.03.2024<br>Rs. | As at<br>31.03.2023<br>Rs. |
|-------------------------|----------------------------|----------------------------|
| Highest during the year | 7.80<br>(31.08.2023)       | 8.00<br>(15.09.2022)       |
| Lowest during the year  | 4.50<br>(08.02.2024)       | 3.40<br>(08.07.2022)       |
| As at end of the year   | 5.00                       | 6.60                       |



## 20 Major Shareholders of the Company

| Name  | As at 31.03.2024   |        | As at 31.03.2023   |       |
|---|--------------------|--------|--------------------|-------|
|   | No of Shares as at | (%)    | No of Shares as at | (%)   |
| 1 Corona T Stores (Private) Limited                             | 200,859,199        | 75.16  | 200,859,199        | 75.16 |
| 2 Pan Asia Banking Corporation PLC /<br>Divasa Equity (Pvt) Ltd | 7,870,036          | 3.70   | 9,890,486          | 3.70  |
| Divasa Equity (Pvt) Ltd   | 2,003,930          |        |                    |       |
| Seylan Bank PLC/ Divasa Equity (Pvt) Ltd                        | 16,520             |        |                    |       |
| 3 Vallibel One Plc  | 8,377,563          | 3.13   | 8,377,563          | 3.13  |
| 4 Lotus Technologies (Private) Limited                          | 7,063,819          | 2.64   | 7,063,819          | 2.64  |
| 5 Royal Ceramics Lanka Plc.                                     | 2,768,276          | 1.04   | 2,768,276          | 1.04  |
| 6 Mr. K. Ariyaratnam  | 1,833,015          | 0.69   | 1,725,229          | 0.65  |
| 7 Corona T Stores (Private) Limited                             | 1,585,331          | 0.59   | 1,585,331          | 0.59  |
| 8 Mr. H.A.K.N. Priyadharshana                                   | 1,417,228          | 0.53   | 1,131,055          | 0.42  |
| 9 Seylan Bank Plc/Jayantha Dewage                               | 1,131,055          | 0.42   | 1,026,804          | 0.38  |
| 10 Mr D.K.A.K. Weerathunga                                      | 1,026,804          | 0.38   | 732,310            | 0.27  |
| 11 Mr. T.G. Thoradeniya   | 732,310            | 0.27   | 599,886            | 0.22  |
| 12 Hatton National Bank Plc/Palaniyandy Muralitharan            | 599,886            | 0.22   | 486,519            | 0.18  |
| 13 Mr P. Sangeeven  | 524,922            | 0.20   | 440,000            | 0.16  |
| 14 Merchant Bank Of Sri Lanka & Finance Plc/H.M.C.B. Mawilmada  | 500,836            | 0.19   | 382,324            | 0.14  |
| 15 Mrs. K.M. Goonewardene                                       | 486,519            | 0.18   | 373,824            | 0.14  |
| 16 Assetline Finance Limited/M.S.Hiripitiya                     | 406,857            | 0.15   | 303,891            | 0.11  |
| 17 Merchant Bank Of Sri Lanka & Finance Plc 01                  | 397,016            | 0.15   | 297,367            | 0.11  |
| 18 Mr. S.H.T.L. Amarasinghe                                     | 337,500            | 0.13   | 296,601            | 0.11  |
| 19 Mrs. H.M.A.R.K. Kaluhendiwela                                | 303,891            | 0.11   | 284,882            | 0.11  |
| 20 Mr. R. Udalagama   | 297,367            | 0.11   | 284,572            | 0.11  |
|   | 240,539,880        | 90.01  | 238,909,938        | 89.40 |
| <b>Others</b>   | 26,689,843         | 9.99   | 28,319,785         | 10.60 |
| <b>Total</b>  | 267,229,723        | 100.00 | 267,229,723        | 100   |

## Directors' and CEO's Shareholding

| Director Name   | As at 31.03.2024 |         | As at 31.03.2023 |         |
|---|------------------|---------|------------------|---------|
|   | No of shares     | %       | No of shares     | %       |
| 1 Mr. E. P. A. Cooray   | 42,200           | 0.016   | 42,200           | 0.016   |
| 2 Ms. V. S. F. Amunugama  | 30,240           | 0.011   | 30,240           | 0.01    |
| 3 Mr. J. M. B. Pilimatalawwe  | Nil              | Nil     | Nil              | Nil     |
| 4 Mr. S. D. De Mel  | 100,000          | 0.037   | 100,000          | 0.04    |
| 5 Mr. S.A. Ameresekere  | Nil              | Nil     | Nil              | Nil     |
| 6 Mr. P. V. S. Premawardhane  | Nil              | Nil     | Nil              | Nil     |
| 7 <u>Mr. Rajinda G Seneviratne - Share held in the following manner</u> |                  |         |                  |         |
| Seylan Bank PLC / Mr. Rajinda G Seneviratne                             | 248,665          | } 0.095 | 248,665          | } 0.095 |
| M.s Keshini K K Goonathil'eke Seneviratne & Mr. Rajinda G Seneviratne   | 5,900            |         | 5,900            |         |
| 8 Mr. P. C. B. Talwatte (CEO)   | Nil              | Nil     | Nil              | Nil     |
| 9 Mr. S M A De Silva Sugathapala  | Nil              | Nil     | Nil              | Nil     |

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty Second (42nd) Annual General Meeting of Citrus Leisure PLC will be held on 30th September 2024 at 11.15 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 its subsidiaries 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 92 of the Articles of Association of the Company.
3. To re-elect Mr. Punsisi Lalith Patuwatha Withana as a Director in terms of Article 92 of the Articles of Association of the Company.
4. To re-elect Mr. Rajinda Goonewardene Seneviratne as a Director who retires by rotation in terms of Articles 85 and 86 of the Articles of Association of the Company.
5. To re-elect Mrs. Varuni Sonali Fernando Amunugama as a Director who retires by rotation in terms of Articles 85 and 86 of the Articles of Association of the Company.
6. 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.
7. 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  
Citrus Leisure 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 CITRUS LEISURE 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 A De Silva Sugathapala | or failing him* |
| Mr. R G Seneviratne            | or failing him* |
| Ms. V S F Amunugama            | or failing her* |
| Mr. J M B Pilimatalawwe        | or failing him* |
| Mr. P V S Premawardhana        | 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 Forty Second (42nd) 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 92 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 92 of the Articles of Association of the Company.                                   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To re-elect Mr. Rajinda Goonewardene Seneviratne as a Director who retires by rotation in terms of Articles 85 and 86 of the Articles of Association of the Company.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To re-elect Mrs. Varuni Sonali Fernando Amunugama as a Director who retires by rotation in terms of Articles 85 and 86 of the Articles of Association of the Company.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. 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"/> |
| 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.                           | <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.

## Form of Proxy

### INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, No.56/1, Kynsey Road, Colombo 08 by 11.15 a.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

Citrus Leisure PLC

## Legal Form

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

## Company Registration No.

PB 211

## 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. P C B Talwatte  
Mr. Mani Sugathapala  
Mr. S A Ameresekere  
Mr. R Seneviratne  
Mr. P V S Premawardhana  
Ms. V S F Amunugama  
Mr. J M B Pilimatalawwe  
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 Depository Systems (Pvt) Ltd  
Ground Floor  
M & M Centre  
341/5, Kotte Road  
Rajagiriyia

## Auditors

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

## Bankers

Sampath Bank PLC  
Commercial Bank of Ceylon PLC  
Hatton National Bank PLC  
People's Bank  
Pan Asia Banking Corporation PLC  
Nations Trust Bank PLC  
National Development Bank PLC  
Union Bank of Colombo PLC  
Bank of Ceylon

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[www.citrusleisure.com](http://www.citrusleisure.com)

**Citrus Leisure PLC**

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E-mail : [Info@citrusleisure.com](mailto:Info@citrusleisure.com)