



Hikkaduwa Beach Resort PLC

Annual Report 2024/25

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# Chairman's Message

It gives me great pleasure to place before you the Annual Report and Audited Financial Statements of Hikkaduwa Beach Resort PLC for the financial Year ended 31 March 2025. Against the backdrop of a complex operating environment, Citrus Hikkaduwa implemented a pragmatic and disciplined strategy focused on operational efficiency, financial prudence and product repositioning. It gives me a sense of pride to state that Your Group made notable progress in narrowing losses, strengthening its financial footing and laying the groundwork for long-term sustainability.

The year 2024/25 marked a transitional period for the Sri Lankan tourism sector and by extension, for the holding company, Citrus Leisure PLC. It was a year of recalibration - one where the industry continued its recovery from the long shadow of the global pandemic, even as macroeconomic volatility, geopolitical tensions and local challenges, including two major elections, tempered growth expectations.

## INDUSTRY OVERVIEW

Tourist arrivals for the year surpassed two million - a significant recovery from the pandemic lows, but still below pre-2019 benchmarks. Although this growth offered cause for cautious optimism, the tourism sector's resurgence was uneven. Russia, one of Sri Lanka's key tourism source markets, recorded an increase in tourist arrivals in 2024 compared to the previous year. Meanwhile, China, historically a strong contributor, demonstrated only a partial return, with arrival numbers remaining below expectations. India, however, continued to serve as the cornerstone of Sri Lanka's inbound tourism, accounting for nearly half a million visitors during the reporting period. As our largest market, India's performance underscored both the resilience and the strategic importance of the South Asian region to our tourism economy. Despite the improved headline numbers, the formal hospitality sector, organised hotel operators were unable to capture the full benefits of this rebound. The rising influence of informal accommodation platforms and the lack of a coordinated national destination marketing campaign have skewed tourist inflows toward unregulated alternatives such as homestays

and short-term rentals. As a result, much of the industry's volume growth bypassed the formal sector, diluting its financial impact. A major concern throughout the year was the persistent policy inconsistency and the lack of a comprehensive destination marketing programme - a long-overdue initiative. The absence of structured international marketing has continued to impair the industry's competitiveness, as neighbouring tourism hubs aggressively vie for share in the global travel market.

## OPERATIONAL HIGHLIGHTS

Despite these external pressures, Citrus Hikkaduwa made substantial internal progress during the year. The Group's management executed a deliberate cost rationalisation programme, sharpened operational efficiencies and undertook strategic marketing efforts in select new markets. These measures collectively helped stabilise the business and limit the operational losses, setting a firmer foundation for FY 2025/26. Meanwhile, our properties maintained healthy occupancy rates and stable Average room rates (ARR), despite competitive pricing pressures. We have remained committed to offering high-quality guest experiences while ensuring that cost structures are aligned to deliver long-term value. Recognising that guest expectations are evolving beyond traditional hotel stays, we initiated a comprehensive refurbishment programme across our key properties. In particular, Hikkaduwa Beach Resort is being repositioned to offer a spectrum of curated experiences within the premises - ranging from cultural immersion and wellness offerings to recreational and adventure-based activities. This aligns with global travel trends, where experiential tourism is becoming a key differentiator.

Notably, our service levels were enhanced without compromising on guest satisfaction through strict operational discipline.

A key milestone during the year was the successful rights issue, which enabled the Group to retire a significant portion of its interest-bearing debt - both from related parties and financial institutions. This move has markedly improved our balance sheet health and significantly reduced our financial costs.

Furthermore, true to our brand promise, I am pleased to report that we remained steadfast in serving both international travellers and the domestic market. Our properties cater to a diverse clientele, and we have consciously rejected exclusionary practices. In fact, Citrus remains one of the few hospitality brands that embraces the local market wholeheartedly - including Sri Lankan families, corporates and event organisers. This inclusive approach also aligns with our long-term strategy of broadening our revenue base, reducing seasonality risk and building brand equity among a wider audience.

## GOVERNANCE AND RISK MANAGEMENT

During the year under review, our corporate governance framework was strengthened in line with regulatory expectations and stakeholder interests. We have already reinforced our Related Party Transactions Review Committee with experienced industry professionals. All required subcommittees have been constituted, and quarterly meetings are being held to ensure compliance, transparency and governance best practices. Since Citrus Hikkaduwa is part of a larger conglomerate, the oversight of related party transactions has been a particular focus - ensuring that all dealings are compliant and beneficial to the wider shareholder base.

## CHALLENGES AHEAD

A critical structural challenge facing the hospitality industry is the sustained exodus of skilled professionals from Sri Lanka. As the global demand for experienced service personnel has surged, many of the country's best-trained individuals have sought opportunities abroad, leaving domestic operators grappling with a widening skills gap. Hospitality is a service-intensive industry, heavily reliant on the competence, courtesy and cultural sensitivity of its workforce. The departure of skilled staff has disrupted continuity and service consistency, impacting guest experiences across the board. While Citrus continues to invest in staff training and retention, the industry as a whole must collaborate on developing robust training ecosystems, industry-academic linkages, and incentives for skilled personnel to remain in Sri Lanka.

## LOOKING AHEAD

As we move into FY 2025/26, our outlook is one of cautious optimism. The potential resurgence of the Chinese market, stabilisation in India post-election and improvements in global air connectivity all point towards a more favourable operating environment. However, geopolitical uncertainties - including wars in Eastern Europe and Middle East tensions - as well as any resurgence of global health threats could pose downside risks. On a more localised front, we remain hopeful that the long-awaited destination marketing campaign will finally gain traction and that infrastructure in key tourist zones - especially public conveniences - will see overdue upgrades. For Sri Lanka to compete effectively, a collective effort from the state, private sector and development partners is essential.

Internally, Citrus will continue its transformation journey. Our focus will remain on completing the refurbishment of our key assets, expanding our experiential offerings, improving brand positioning and achieving operational profitability. We will remain equally committed to enhancing shareholder value by optimising capital allocation, maintaining cost discipline and exploring selective growth opportunities, including in upcountry areas with thematic tourism potential. We look to the future to deliver enduring value to our stakeholders while contributing meaningfully to Sri Lanka's broader tourism renaissance.

## APPRECIATIONS

I extend my heartfelt appreciation to my fellow Directors for their unwavering support throughout what has been a particularly challenging year. I also commend the CEO and our dedicated team for their pivotal role in steering the Company through economic headwinds and delivering commendable progress. On behalf of the Board, I wish to thank our shareholders, guests, and stakeholders for their continued trust and confidence. Looking ahead, I remain optimistic about the emergence of a stronger, more dynamic tourism industry in the year to come.



**S P S Ranathunga**  
Chairman

29 August 2025  
Colombo

# CEO's Message

It is with a sense of optimism that I present to you my review for the financial year 2024/25. This was a year defined by resilience, strategic focus and incremental recovery. As we reflect on our performance, it becomes evident that the Group's ability to adapt to changing market dynamics, optimise resources and enhance the value proposition of our properties has allowed us to make considerable progress. Encouragingly, all key operational metrics improved year-on-year. However, global market volatility, inconsistent tourism arrivals and policy-level uncertainties continued to test the limits of our recovery.

## GROUP PERFORMANCE OVERVIEW

The past financial year saw the global tourism sector rebounding unevenly across geographies. While Sri Lanka recorded improved arrivals overall, the quality and spending power of these tourists remain a critical issue, especially for mid to upscale properties such as ours, which require sustained occupancy at viable rates to thrive. During the year, the Group recorded a marked improvement in its financial fundamentals. Gross Operating Profits (GOP) rose significantly year-on-year, driven primarily by improved occupancy rates, better pricing strategies and continued efforts in cost optimisation. The Group remained focused on reducing borrowings and managing working capital effectively. Supported by macroeconomic stabilisation and favourable interest rate movements, our interest costs were lower during the year. This contributed positively towards our bottom line.

## TOURISM SECTOR DYNAMICS

Sri Lanka's tourism sector saw a modest revival, with total tourist arrivals crossing the two million mark - a significant improvement from the preceding years, though still short of the government's ambitious three million target. The more realistic projections by the private sector estimate around 2.5 million arrivals in the near term, but as a Group, we believe the focus should be on attracting high-value tourists, not merely large volumes. Properties such as ours require guests who seek meaningful experiences and are willing to pay for quality services. A considerable share of our business last year came from the Russian market, which emerged as the strongest contributor to occupancy. However, this market

presented its own set of challenges. Many off-season charters were cancelled due to weak demand and the sudden imposition of visa processing fees led to a spate of cancellations during the quieter months. While we had anticipated a revival in Chinese tourist arrivals, these expectations were not realised; Chinese traveller volumes remained muted throughout the year.

Adding to these demand-side difficulties was the underwhelming state of Sri Lanka's destination marketing. Despite repeated calls from industry stakeholders, a cohesive and compelling promotional strategy for the country continues to be absent. We reiterate the importance of a well-funded, globally coordinated destination marketing campaign - targeted not just at bringing in numbers, but in attracting the right segments. Until this gap is addressed, the full potential of our investment-heavy, experience-focused properties cannot be realised.

## MARKETING AND CHANNEL OPTIMISATION

Our marketing strategy continued to be dynamic and multi-pronged. The Group participated in key international travel fairs to strengthen engagement with overseas tour operators and destination management companies. Domestically, we collaborated closely with Sri Lanka-based destination management companies (DMCs), who played a key role in packaging and promoting our properties as part of broader itineraries for high-end travellers. We also maintained a strong presence on digital and social media platforms. Online channels remain a critical source of bookings and customer engagement, particularly in an era when travel decisions are increasingly made based on peer reviews and real-time content. We worked closely with our advertising partners to run targeted campaigns highlighting the uniqueness of our properties - especially our expansive gardens, event spaces and tailored experiences. With the post-pandemic traveller increasingly valuing experiences over mere accommodation, we are consciously shifting focus towards offering experiential tourism - curated excursions, culinary experiences and in-house recreational activities. These elements have been strategically introduced to drive guest satisfaction and increase average spend per guest.

## OPERATIONAL HIGHLIGHTS

A key highlight during the year was our continued emphasis on cost management. With the Group operating multiple F&B outlets and event facilities, we have been able to leverage economies of scale in procurement - especially in food and beverage. Our purchasing volume has strengthened our negotiating position with suppliers, enabling us to procure higher-quality products at more competitive rates.

Further, with energy accounting for a significant portion of operational expenses, the temporary reduction of electricity tariffs by 25% (implemented in January 2024) provided welcome relief. However, we remain concerned about potential future increases. The sustainability of such tariff structures is crucial for the long-term competitiveness of the tourism and hospitality sector.

While industry-wide wage increases and the introduction of minimum salaries are positive developments for the sector's image and employee retention, they also impose additional cost pressures on operators. Nevertheless, we are supportive of these changes as long as they are implemented in a predictable and phased manner. In order to tackle the skills gap in the industry and reduce our dependence on transient labour, we launched a Group-led hospitality training programme during the year. Conducted free of charge, this initiative aims to train and certify young individuals for a career in hospitality. Upon completion, eligible participants are absorbed into our workforce. This initiative reflects our dual commitment to community empowerment and business sustainability.

## HIKKADUWA BEACH RESORT

Hikkaduwa Beach Resort continued to perform steadily, capitalising on its unique positioning in one of Sri Lanka's most vibrant coastal destinations. Renowned for its appeal among adventure seekers and younger travellers, Hikkaduwa remains a magnet for beach enthusiasts, surfers and nightlife aficionados. During the year under review, we focused on strengthening the property's identity as the entertainment hub of Hikkaduwa. Beyond serving in-house guests, our strategic direction is to attract external footfall by transforming the hotel into a lively destination for music,

dance, sports and cultural experiences. To this end, we have commenced investments aimed at upgrading the property to support regular entertainment-led events, including live music, DJ nights and sporting activities - with a special focus on water sports and water-based experiences. By enhancing our product offering in line with evolving guest preferences, we are creating an inclusive space where both international and domestic visitors can gather, engage and immerse themselves in the energy of Hikkaduwa. This positioning not only increases revenue opportunities but also strengthens Hikkaduwa Beach Resort's brand equity as a lifestyle-centric property with year-round appeal.

## EXTERNAL CHALLENGES AND INDUSTRY SHIFTS

Exchange rate stability during the year helped in maintaining operational predictability, which was a welcome change from the high-volatility environment we experienced in prior years. Tourism's contribution to GDP increased from 2.5% in 2023 to 3.2% in 2024, highlighting not only the sector's recovery but also its growing importance as a driver of macroeconomic stability and growth. in the nation's economic recovery.

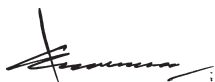
Yet, several structural issues continue to affect the industry. The abrupt removal of the minimum room rate in Colombo led to an unsustainable price war among hotels, undermining service quality and long-term viability. While healthy competition is welcome, a race to the bottom benefits no one. We believe that a stable pricing framework, coupled with service quality regulations, would help the industry elevate itself to global standards. In terms of guest preferences, we are seeing a distinct shift toward immersive travel. Today's traveller values authenticity, engagement and customisation. To this end, we are investing in developing on-site activities, excursions and dining experiences that go beyond the traditional 'room and board' model. There have also been notable demographic shifts. Traditionally strong markets like Germany and the UK have shown more stability, whereas Russian tourist volumes, though significant, have shown signs of tapering, while the Chinese market continues to underperform. The composition of tourist arrivals is evolving and we are continuously fine-tuning our offerings to stay relevant.

## LOOKING AHEAD

As we move into 2025/26, our focus remains sharply fixed on three key areas starting with product enhancement. Our goal is to consistently raise the standard of service and physical infrastructure across our portfolio. The next focus will be market realignment. Leveraging on insights from shifting guest demographics, we will continue to reposition our offerings to attract higher-yielding travellers who seek experiential value over price discounts. The third pillar of future growth will be sustainability and talent development; our investments in skills development, energy management and local community partnerships will continue, strengthening both our operational resilience and social licence to operate.

## ACKNOWLEDGEMENTS

In closing, I extend my sincere gratitude to our shareholders, guests and partners for their continued trust. I also thank our team members across all properties whose commitment and passion continue to drive our success. I am confident that with prudent strategy, operational discipline and market focus, Citrus Hikkaduwa is well-positioned to navigate the future.



**P C B Talwatte**  
Chief Executive Officer

29 August 2025  
Colombo

# Board of Directors

## MR. SAMANTHA RANATUNGA

Mr. S. P. S. Ranatunga was the Managing Director of CIC Holdings PLC from 2010 to 2019. He joined the Company as an Executive in 1988 and held various senior positions and was Director of main subsidiaries of CIC Holdings PLC namely Chemanex PLC and Link Naturals (Pvt) Ltd.

Mr. Ranatunga served on the Board of Directors of Seylan Bank PLC from 2010 – 2019. During this tenure, he chaired the Risk, Human Resources, Nomination, Marketing and Strategic Planning Committees of the Bank and served as a member of the Audit Committee. He was also the Chairman of Ceylon Chamber of Commerce from 2015 – 2017. Since 2019, he headed the pioneering Clinical Research Company, RemediumOne (Pvt) Ltd in Sri Lanka which is a public-private partnership with the University of Kelaniya.

In late 2023, he was appointed as the Chairman of Agricultural Modernisation taskforce of the Presidential Secretariat.

He holds directorships in seven companies:

### Independent Non-Executive Director

Citrus Leisure PLC (Chairman)  
Hikkaduwa Beach Resort PLC (Chairman)  
H V A Foods PLC (Chairman)  
Waskaduwa Beach Resort PLC (Chairman)  
Spectrify AI Agro Technology (Pvt) Ltd (Chairman)  
Remediumone (Pvt) Ltd  
V S Information Systems Group (Pvt) Ltd

## 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 TASL and Colombo City Restaurant Collective (CCRC).

He holds directorships in five companies:

### Executive Director/CEO

Citrus Leisure PLC  
Hikkaduwa Beach Resort PLC  
Waskaduwa Beach Resort PLC  
Citrus Silver Ltd  
Citrus LT (Pvt) Ltd

## 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 three companies:

### Executive Director

Citrus Leisure PLC  
Hikkaduwa Beach Resort PLC  
Waskaduwa Beach Resort PLC

## 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 specialised communications companies that offer its clients an unmatched holistic and synchronised 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 Forty Four directorships :

### Executive Director/ Group Chairman

George Steuart and Company Limited

### Executive Director

Triad (Pvt) Ltd  
Colombo Land and Development Company PLC

### Non - Executive Director

Citrus Leisure PLC  
H V A Foods PLC  
Hikkaduwa Beach Resort PLC  
Waskaduwa Beach Resort PLC

### Director

Adpack Production (Pvt) Ltd  
Agrispace (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 Health (Pvt) Ltd  
 George Steuart Holidays (Pvt) Ltd  
 George Steuart Industries (Pvt) Ltd  
 George Steuart Insurance Brokers (Pvt) Ltd  
 George Steuart Investments (Pvt) Ltd  
 George Steuart Recruitments (Pvt) Ltd  
 George Steuart Solutions (Pvt) Ltd  
 George Steuart Telecom (Pvt) Ltd  
 George Steuart Travels Limited  
 George Steuart Optimise (Pvt) Ltd  
 George Steuart Exports (Pvt) Ltd  
 Gree Lanka (Pvt) Ltd  
 H V A Holdings (Pvt) Ltd  
 Hardtalk (Pvt) Ltd  
 James Steuart (Pvt) Ltd  
 Kites Global (Pvt) Ltd  
 Kites Digital (Pvt) Ltd  
 Liberty Developers (Pvt) Ltd  
 Liberty Holdings Limited (Pvt) Ltd  
 Three Fifty at Union (Pvt) Ltd  
 Traidhot.com (Pvt) Ltd  
 Diva Osu Ayurveda (Pvt) Ltd  
 Mango Publishes (Pvt) Ltd

#### **MR. LALITH WITHANA**

Mr. Lalith Withana brings over 30 years of experience in both the corporate and public sectors, having held senior management positions in banking, manufacturing, and trading for more than 25 years.

He has worked with several prominent organisations, including the 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 Group Chief Finance and Administrative Officer of SriLankan Airlines, later becoming the Chief Executive Officer of its subsidiary, SriLankan Catering. In addition, he worked as a Management Consultant for Deloitte Consulting Overseas Projects LLC.

Mr. Withana has 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. He has also been a Commissioner of the Telecommunications Regulatory Commission of Sri Lanka.

Currently, he serves as an Independent Director on the boards of several public companies and is the Managing Director of Agility Consulting Services (Pvt) Ltd, where he continues his practice in management consulting.

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

He holds directorships in eight companies:

#### **Independent Non-Executive Director**

Citrus Leisure PLC  
 Commercial Development Company PLC  
 Hikkaduwa Beach Resort PLC  
 HNB Finance PLC  
 Softlogic Life Insurance PLC  
 Waskaduwa Beach Resort PLC

#### **Executive Director**

Agility Consulting services (Pvt) Ltd  
 Serendipity Leisure (Pvt) Ltd

#### **MR. RAJINDA SENEVIRATNE**

Mr. Rajinda Seneviratne's family established Reefcomber Hotel in Hikkaduwa in the 1980s which is now the Hikkaduwa Beach Resort 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 holds directorships in eight companies:

#### **Non-Executive Director**

Citrus Leisure PLC  
 Hikkaduwa Beach Resort PLC  
 Waskaduwa Beach Resort PLC  
 Citrus Aqua Limited

#### **Partnerships/Proprietorships**

Corona T Stores  
 Corona Ventures  
 Corona Tea Stores  
 C V Private

#### **MR. NIRAN PRIYANKA MAHAWATTE**

Mr. Niran Mahawatte is an experienced Senior Banker with specialisation in Treasury Management. He has experience in the banking and financial services sector for over 30 years where he has held senior management positions.

He was the former Vice President and Head of Treasury at the National Development Bank PLC.

Mr. Mahawatte has also worked at Deutsche Bank Colombo Branch and Commercial Bank of Ceylon PLC.

Mr. Mahawatte holds a Bachelor of Science (BSc. Honours) degree from the University of Colombo. He is a Fellow Member of the Chartered Institute of Management Accountants (FCMA), UK, and a Chartered Global Management Accountant.

He is a Past President of the Mercantile Cricket Association, also served in the capacity of Treasurer of the Wildlife & Nature Protection Society of Sri Lanka.

He holds directorships in four companies:

#### **Independent Non-Executive Director**

Citrus Leisure PLC  
 Hikkaduwa Beach Resort PLC  
 Waskaduwa Beach Resort PLC  
 George Steuart Asset Management (Pvt) Ltd

## **MANAGEMENT DISCUSSION AND ANALYSIS**

# Management Discussion and Analysis

## GLOBAL OVERVIEW

The global economy in 2024 continued to reflect the lingering after-effects of the COVID-19 pandemic, combined with new pressures from geopolitical tensions, trade policy shifts and demographic headwinds. According to the International Monetary Fund (IMF), global growth was projected to remain modest, with real GDP growth hovering around 3.2% for 2024 and 2025, marking one of the weakest expansion rates in decades. Meanwhile, global inflation, which had surged in the wake of supply chain disruptions and fiscal stimulus, gradually eased toward central bank targets, averaging around 1.6% in 2024.

A major driver behind this sluggish recovery is the sharp increase in protectionist policies, including recent U.S. tariff hikes reminiscent of those in the Great Depression era. The IMF's April 2025 update warns that policy uncertainties and trade barriers could depress global growth even further, trimming the forecast for 2025 to a subdued 2.8% and raising the risk of recession, particularly as tighter trade restrictions ripple through global supply chains. Beyond these risks, demographic trends such as the aging labour forces in advanced economies are expected to constrain productivity gains and prolong low growth into the medium term.

The global economic outlook for 2025 is cautious, overshadowed by rising trade barriers and a less cooperative policy climate. The World Bank forecasts global growth will decelerate to 2.3% in 2025, marking the slowest non-recession pace in nearly two decades, and highlight the pressing need for renewed multilateral cooperation. The IMF's April update also signals a downgrade, with global growth falling to 2.8%, and recessions becoming conceivable scenarios.

Notwithstanding these challenges, certain sectors remain promising. Continued normalisation of inflation opens up policy space for selective monetary easing in advanced economies, which could support investment recovery. Meanwhile, travel demand remains resilient, sustained by lifestyle shifts that favour remote work and experiential tourism.

Contrary to the broader economic sluggishness, the global tourism sector made a remarkable comeback in 2024, nearly reclaiming its pre-pandemic stature. The UN World Tourism Organisation (UNWTO) estimates that international tourist arrivals reached approximately 1.4 billion during the year, an 11% increase from 2023. Certain regions have even surpassed historical benchmarks; Europe, the Middle East and Africa experienced arrivals exceeding pre-2019 figures, while travel to the Americas rebounded to 97% of previous high levels.

This robust revival was driven by pent-up demand for leisure travel, significant improvements in air connectivity and favourable accommodation pricing as operators competed to win back customers. Industry projections indicate that the economic contribution of tourism, measured in export earnings and employment, has risen near or even beyond pre-pandemic proportions.

Nevertheless, the sector remains susceptible to short-term shocks. Global conflicts, rising energy costs and renewed travel restrictions could disrupt international mobility once again, highlighting the need for resilience planning. Yet, long-term fundamentals, such as the increasing appeal of experiential travel by digital-savvy consumers, continue to support the sector's medium-term outlook.

## SRI LANKAN ECONOMIC PERFORMANCE IN 2024

In Sri Lanka, 2024 marked a transition from crisis to recovery. Following a tumultuous financial period in 2022, the economy registered a strong rebound, with GDP growth nearing 5%, outpacing initial forecasts of 4.4%. Inflation, initially driven by supply bottlenecks and exchange rate pressure, subsided to under 1% by mid-2024, restoring confidence among consumers and investors. Contributing factors included strengthened export activity outside tourism, rising remittance inflows, and improved foreign exchange reserves, which exceeded US\$5.5 billion by mid-2024.

Sri Lanka's commitment to key reforms - beginning with the IMF-supported stabilisation programme - has bolstered economic stabilisation. Fiscal consolidation and debt restructuring are enhancing long-term resilience, though sustainability will require continued political resolve and structural adjustments, especially in light of growing global economic uncertainty.

## SRI LANKAN TOURISM RECOVERY IN 2024

Tourism emerged as one of the strongest engines of recovery in 2024. Sri Lanka welcomed over two million international tourists—an increase from 1.8 million in the previous year. This growth generated approximately US\$3.17 billion in tourism receipts, compared to US\$2 billion in 2023. Early 2024 data from the Sri Lanka Tourism Development Authority reveals strong performance in the first half of the year, with visitor numbers surpassing one million - a year-on-year increase of 62% - though still lagging behind performance in 2018 by about 13%. Indian tourists made significant contributions, accounting for nearly 20.3% of all arrivals during that period. The government's introduction

# Management Discussion and Analysis

of visa-free entry for citizens of 35 countries and strengthened flight connectivity played key roles in the sector's resurgence. Tourism's share of GDP also climbed from 2.5% in 2023 to 3.2% in 2024 - signifying its growing macroeconomic importance. Tourism's share of GDP also climbed from 2.5% in 2023 to 3.2% in 2024 - signifying its growing macroeconomic importance.

Despite these gains, the formal hospitality industry did not fully capture the recovery. Significant visitor inflows instead flowed into unregulated accommodations, such as homestays and short-term rentals. Compounding this distribution issue was the absence of a cohesive destination marketing strategy - a national-level campaign postponed since 2009, which undermined efforts to attract higher-spending tourists from core source markets like China, Japan, and Western Europe. Sri Lanka is projected to see GDP growth stabilise at around 3.5% in 2025 - a moderation from the rebound in 2024 but reflective of ongoing structural adjustment and external headwinds. Continued implementation of fiscal reforms, investment in infrastructure and digital transformation is expected to underpin economic stability. Tourism is anticipated to expand further, with projections targeting 2.5 million arrivals in 2025, slightly conservative relative to government targets but emphasising quality over sheer volume. Key enablers will include continued visa consolidation, improved air links and strategic marketing efforts combined with operational resilience against environmental risks like flooding or health disruptions. The convergence of macroeconomic stability and tourism growth presents a window for Sri Lanka to embed tourism as a sustainable pillar of national development - contributing foreign currency, jobs and regional uplift, while supporting structural resilience.

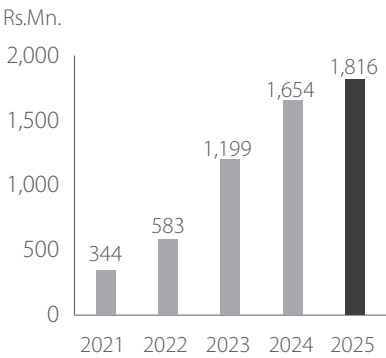
## CITRUS HIKKADUWA

Citrus Hikkaduwa operates as a midscale, volume-driven property within the Citrus Leisure portfolio, strategically positioned to serve the budget and experiential travel segments. Located in the heart of Hikkaduwa's coastal strip, a popular destination among independent travellers and domestic tourists, the hotel capitalises on its beachfront location and affordability to maintain high occupancy levels throughout the year with 90 rooms. Although guest stays are typically shorter in duration, the property benefits from consistent turnover and a high volume of bookings, supporting a revenue model driven by scale and operational throughput.

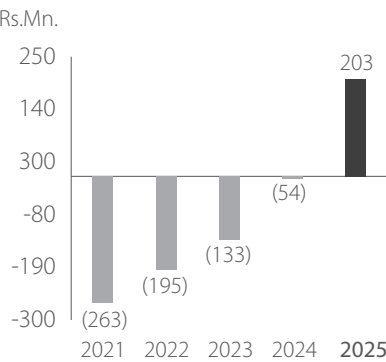
The hotel's operating model continues to focus on lean staffing, simplified service delivery and dynamic pricing, enabling it to remain competitive in the budget and midscale segments. Promotional offers, online travel platform visibility and targeted marketing campaigns have helped sustain guest traffic during both peak and shoulder seasons.

Citrus Hikkaduwa plays an important complementary role in the Group's overall hospitality strategy. The property enhances revenue diversification by tapping into the high-volume, price-sensitive segment of the market. Its strong performance in 2024/25 reflects the resilience of the budget travel sector and the property's ability to adapt quickly to evolving market dynamics.

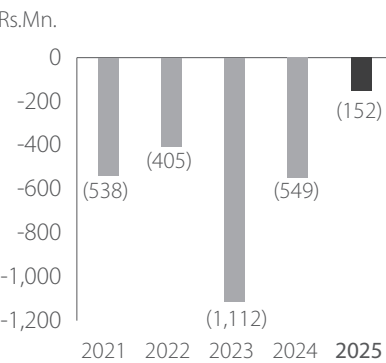
## Revenue



## Operating Profit/(loss)



## Profit/(loss) before tax



## STAKEHOLDER ENGAGEMENT

Citrus Hikkaduwa recognises that meaningful stakeholder engagement is essential to its long-term success. Our stakeholders include individuals and groups who are either impacted by our operations or have the capacity to influence our value creation process. Throughout 2024/25, we continued to prioritise open communication, collaboration, and mutual value creation through a wide range of formal and informal engagement channels.

### Stakeholder Engagement Summary

Stakeholder Group	Engagement Methods	Key Interests and Expectations	Our Response in 2024/25
Customers	Guest feedback, online reviews, social media, direct surveys, front office interactions	Memorable guest experiences, comfort, safety, service excellence	Enhanced customer experience through upgraded in-room amenities, themed entertainment events at Hikkaduwa, and renewed focus on hygiene and safety. Consistently high ratings on major booking platforms.
Employees	Town hall meetings, appraisals, training sessions, internal newsletters, open-door policy	Job security, training and development, fair compensation, recognition, work-life balance	Extensive training calendar implemented; cross-functional and leadership training rolled out. Continued wellness support including food assistance and mental health check-ins. Employee of the Quarter, sports tournaments, and cultural celebrations sustained engagement and morale.
Investors	Annual General Meeting (AGM), quarterly financial statements, investor forums	Transparency, profitability, return on investment, governance	Timely disclosure of financials, regular investor updates, and reaffirmation of commitment to prudent financial management despite macroeconomic challenges.
Community	CSR initiatives, partnerships with local institutions, feedback sessions	Local employment, community development, environmental impact	Initiatives such as Hikkaduwa Railway Station refurbishment, temple clean-ups, and blood donation drives continued. Focus on low-impact tourism and local sourcing sustained.
Government & Regulatory Bodies	Regulatory filings, industry forums, tourism ministry engagements	Compliance, contribution to national tourism, employment creation	Full compliance with regulatory standards. Ongoing advocacy for tourism development. Active participation in industry working groups.
Suppliers & Business Partners	Supplier audits, negotiations, joint planning, quality reviews	Timely payments, long-term partnerships, fair pricing, quality assurance	Strengthened supplier relationships through renegotiated contracts, increased local sourcing, and improved procurement efficiency. Regular quality checks maintained.

## EMPLOYEE ENGAGEMENT AND DEVELOPMENT

Our employees continue to be at the heart of our success. Their resilience, adaptability, and unwavering commitment through another year of economic headwinds have been instrumental in sustaining operations and delivering our brand promise. In 2024/25, we deepened our employee engagement approach by focusing on three pillars: empowerment, development, and well-being.

### TRAINING AND UPSKILLING

We allocated a significant portion of our human capital budget to training and development. Programmes included:

- **Technical Skills Training:** F&B service, housekeeping, culinary, front office, and engineering modules to ensure service excellence.
- **Soft Skills Development:** Communication, customer service, leadership and team-building workshops aimed at nurturing interpersonal effectiveness and confidence.
- **Cross-Training Initiatives:** Enabled staff to gain experience in multiple departments, increasing job satisfaction and operational flexibility.
- **Management Trainee Programme:** Fast-tracked development for high-potential individuals, offering mentorship and defined career progression paths.

## RECOGNITION AND MOTIVATION

To build a culture of recognition and pride, we expanded our employee reward programmes:

- **Employee of the Quarter awards** at each property.
- **Spot bonuses** for exceptional performance.
- **Internal competitions** and inter-departmental challenges, including culinary contests and guest service ratings, fostered healthy competition and camaraderie.
- **Support During Economic Pressure** In response to inflation and the cost-of-living challenges, Citrus continued its essential staff welfare programmes:

# Management Discussion and Analysis

- Distribution of dry ration packs and basic household goods for team members and their families.
- Introduction of staff meal enhancement programmes at resort kitchens.
- Regular communication from leadership to assure stability and transparency during uncertain periods.
- Work-Life Balance and Staff Well-Being
- We invested in cultivating a workplace that balances productivity with personal well-being:
- Celebrations for religious festivals, birthdays, and life events to strengthen social bonds.
- Sports days, fitness sessions, and team outings to encourage physical wellness and recreation.
- Open-door leadership engagement and staff grievance redressal channels were strengthened to ensure psychological safety and openness.

## FUTURE PLANS

Citrus Hikkaduwa will continue to focus on consolidating its position as a high-volume, budget-friendly property with a vibrant and youthful appeal. The Group plans to further enhance the hotel's entertainment-led positioning by expanding curated guest experiences, including live music, thematic events, and activity-based programming aimed at increasing guest engagement and attracting group and repeat bookings.

The use of technology will be expanded to streamline reservations, improve dynamic pricing capabilities and enhance visibility across digital booking platforms. Marketing efforts will target domestic travellers, regional tourists and emerging budget-conscious international markets, particularly those seeking short-stay coastal experiences. Continued investment in light refurbishments and upkeep will ensure the property remains competitive in the midscale segment. The property is well-positioned to sustain momentum into the upcoming financial year, supporting the

Group's broader growth and diversification strategy within Sri Lanka's hospitality sector.

## OPERATIONAL HIGHLIGHTS

Citrus Hikkaduwa remained a dynamic and experiential destination within the Citrus portfolio, navigating operational challenges stemming from uneven tourist flows and evolving traveller preferences. The resort's performance in 2024/25 was characterised by stable revenue generation, underpinned by short-stay bookings and a strategic emphasis on experience-driven travel.

The revenue has increased by 6% compared to FY 2024, reflecting growing interest from adventure-seeking travellers and local guests exploring coastal retreats. Hikkaduwa's reputation as a hub for water sports, night-life and cultural exploration continued to draw both backpackers and mid-range travellers, particularly from European and Asian markets.

During the year, the property undertook a strategic repositioning initiative aimed at establishing the hotel as Hikkaduwa's premier entertainment hub. Investments were made in music-themed events, seasonal parties and partnerships with local adventure sports operators. This approach sought to engage not only in-house guests but also the wider tourism community, enhancing the resort's profile as a lifestyle destination.

From an operational perspective, Citrus Hikkaduwa benefited from leaner management structures and flexible staffing models, which helped mitigate inflationary pressures on input costs. Profitability was supported by strong beverage and event revenue streams during festive and peak seasons.

Further enhancements to recreational spaces, entertainment areas and F&B outlets are in progress, positioning the property to attract a broader demographic of younger, experience-focused travellers in the coming year.

## FINANCIAL REVIEW

### Revenue Performance

Citrus Hikkaduwa recorded revenue of Rs. 596.7 million in 2024/25, compared with Rs. 563.2 million in the prior year, reflecting a 6% growth. This was largely supported by higher average room rates, which rose to USD 53 from USD 45, underscoring the property's positioning in the experience-driven travel segment.

### Cost Management and Margins

Gross profit improved to Rs. 417.8 million from Rs. 383.4 million in the previous year, reflecting stronger operating leverage and disciplined cost control. Leaner management structures and flexible staffing models helped cushion the impact of inflationary input costs, enabling profit margins to remain stable. Operating profit rose sharply to Rs. 131.7 million from Rs. 45.4 million, highlighting the effectiveness of the resort's cost optimisation and revenue diversification efforts, combined with gains realised by way of sale of shares and disposal of motor vehicle. Finance income also contributed positively, amounting to Rs. 45.1 million compared to Rs. 38.9 million in the previous year. Finance cost reduced as a result of interest rate reduction and part settlement of bank term loan and related party loans via proceeds received out of Rights Issue during FY2025.

The loss has decreased compared to the previous year, mainly due to the combined effect of increased revenue, reduced cost of sales and the gain recorded from the disposal of a motor vehicle/sale of shares and finance cost reduction, which collectively strengthened the overall operating results.

### Investments and Future Outlook

Capital expenditure during the year was channelled into enhancing recreational facilities, entertainment spaces and F&B outlets. These upgrades are designed to broaden the resort's appeal to younger and experience-oriented travellers, further strengthening its positioning as Hikkaduwa's premier entertainment hub.

## GOVERNANCE & RISK MANAGEMENT

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# Corporate Governance

## OUR GOVERNANCE FRAMEWORK



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.

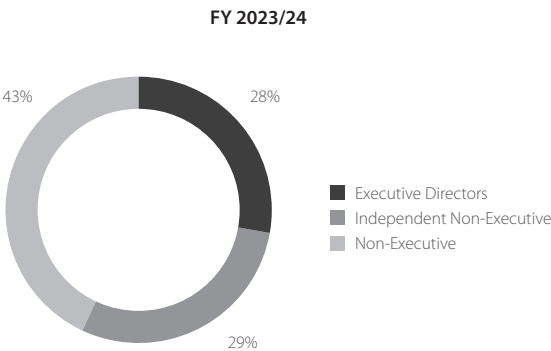
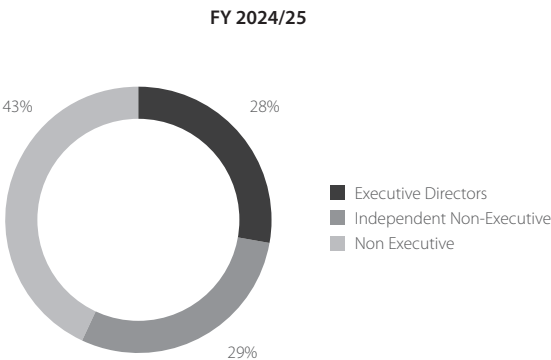
To serve the interests of shareholders and other stakeholders, CITH's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with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

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

## BOARD OF DIRECTORS

The Board of Directors is committed to maintain the highest standards of corporate governance and ethical business conduct in the operations and decision making process. In this regard,

the Board of Directors is responsible for the governance of the Company whilst the shareholders' role in governance is to appoint the Directors and the Auditors to satisfy themselves that an appropriate governance structure is in place.





Board composition and Directors Independence as at 31 March 2025.

Name of Director	Status of Director	Shareholding
Mr. S.P.S Ranatunga	Independent Non-Executive Director / Chairman	No
Mr. P. C. B Talwatte	Executive Director / CEO	Yes
Mr. S. M. A De Silva Sugathapala	Executive Director	Yes
Mr. R G Seneviratne	Non-Executive Director	Yes
Mr. S. A. Ameresekere	Non-Executive Director	No
Mr. P. L.P.Withana	Independent Non-Executive Director	No
Mr. P.N. Mahawatte	Independent Non-Executive Director	No

## DIRECTOR'S 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 2024/25 is given below.

Name of the Director	Attendance
Suresh Dayanath De Mel (Resigned w.e.f 17.12.2024)	5/5
Priya Chandana Bandara Talwatte	6/6
Sembukuttige Mani Ammal De Silva Sugathapala	5/6
Rajinda Goonewardene Seneviratne	4/6
Janesh Manoj Bandara Pilimalawwe	3/3
Pathiranage Vasula Sanjeewa Premawardhana (Appointment w.e.f. 30.09.2024)	2/4
Sharvajana Anandaraj Ameresekere	6/6
Punsisi Lalith Patuwatha Withana	6/6
Samantha Pradeep Samarawickrama Ranatunga (Appointment w.e.f. 17.12.2024)	1/1
Priyanka Niran Mahawatte (Appointment w.e.f. 17.12.2024)	1/1

# 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
9.1.3	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	Commitment to corporate governance rules of the CSE is detailed herein.	1st October 2023	Complied
9.2.1	Company shall establish and maintain the 12 new policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website.	<p>The Company has established and continues to maintain the policies listed below;</p> <ol style="list-style-type: none"> <li>1. Policy on Anti – Bribery and Corruption</li> <li>2. Policy on Internal Code of Business conduct and Ethics</li> <li>3. Policy on Board Committees</li> <li>4. Policy on Remuneration</li> <li>5. Risk Management &amp; Internal Control Policy</li> <li>6. Environment, Social &amp; Governance Policy</li> <li>7. Policy on Whistleblowing</li> <li>8. Policy on Matters Relating to the Board of Directors</li> <li>9. Policy on Relations with Shareholders and Investors</li> <li>10. Policy on Corporate Governance, Nominations and Re-election</li> <li>11. Policy on Corporate Disclosures</li> <li>12. Policy on Control and Management of Company Assets and Shareholder investments</li> </ol> <p>The Company has published the policies on the Company Website <a href="https://www.citrusleisure.com/hikkaduwa/citrus-hikkaduwa-policies/">https://www.citrusleisure.com/hikkaduwa/citrus-hikkaduwa-policies/</a></p>	1st October 2024	Complied
9.3.1 and 9.3.2	<p>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;</p> <p>(a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee</p>	The Board appointed, Remuneration Committee, Audit Committee, Related Party Transactions Review Committee and Nominations and Governance Committee are functioning effectively.	1st October 2024	Complied
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	Compliant
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

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.4.2	Communication and relations with shareholders and investors	<p>Shareholders are informed about the performance of the Company through press releases, quarterly financial statements and notices to the Colombo Stock Exchange in accordance with the continuing listing requirements. Shareholders are provided with the Annual Report, which the Company considers as its principal communication with them and other stakeholders. The shareholders have the opportunity of meeting the Board and forwarding their questions at the Annual General Meeting (AGM).</p> <p>The Chairmen of the sub Committees, Senior Management and the Auditors attend the AGMs to respond to queries that may be raised by the shareholders. Moreover, Shareholders may direct their general inquiries to the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 8 on +94 11 4640360 or pwcs@pwcs.lk or to the Group Head of Finance on +94 11 4504610 kaushika@citrusleisure.com who has been assigned the responsibility of attending to such inquiries.</p>	1st October 2023	Complied
9.5.1	Company shall establish and maintain a formal policy governing matter relating to the Board of Directors.	The formal Policy on matters related to the Board of Directors have been implemented.	1st October 2023	Complied
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
9.6.3	<p>The Company shall appoint an Independent Director as the SID in the following instances:</p> <ul style="list-style-type: none"> <li>i. The positions of the Chairperson and CEO are held by the same individual.</li> <li>ii. The Chairperson is an Executive Director.</li> <li>iii. The Chairperson and CEO are Close Family Members or Related Parties.</li> </ul>	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	<p>Board Composition</p> <ul style="list-style-type: none"> <li>-Minimum of 5 Directors</li> <li>-Minimum 2 or 1/3 of the directors, whichever is high shall be independent directors.</li> </ul>	As of 31st March 2025, there were seven (07) directors, three (03) of whom are Independent Non-Executive Directors.	1st October 2024	Complied
9.9	Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (01) year from the date of appointment.	There are no Alternate Directors on the Board as of 31st March 2025.	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 it's Board members shall be permitted to hold.	Company Policy on Matters Relating to the Board of Directors stipulates the maximum number of directorships a Board member can hold and that is 10 Directorships in listed entities. Currently all directors have complied with this requirement.	1st October 2024	Complied
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.	The Company has a Nominations and Governance Committee.	1st October 2024	Complied
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
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 -Comprise a minimum of 03 Directors out of which a minimum of 02 shall be independent - Not consist of Executive Directors - Chairperson to be an Independent Director.	The Remuneration Committee comprises of three (03) non-executive directors, two (02) of whom are Independent. Remuneration Committee Report provides required disclosures to this Annual Report.	1st October 2024	Complied
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.  There is a written Terms of Reference for the Audit Committee.	1st October 2023	Complied

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
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	The Audit Committee comprises of three (03) Non-Executive Directors, all of whom are Independent.  No Executive Directors are on the Audit Committee.	1st October 2024	Complied
	The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent Directors.	The attendance at the Audit Committee Meetings is given on page 45 of the Annual Report.		
	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 at least once a quarter. There were 06 Audit Committee meetings held during the financial Year ended 31 March 2025. The attendance at the Audit Committee Meeting is given on page 45 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.		
	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.		
	The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body. Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.	The Chairperson of the Audit Committee is a Member of Institute of Chartered Accountants of Sri Lanka	1st October 2024	Complied
9.13.4	Functions and Annual Report Disclosures of the Audit Committee.	Functions of the Audit Committee during the financial year and the Annual Report Disclosures are given in the Report of the Audit Committee on pages 45 to 46.	1st October 2024	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
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.	The Related Party Transactions Review Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent.  An Independent Non-Executive Director is the Chairman of the Related Party Transactions Review Committee.	1st April 2024	Complied

## Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.4	The Related Party Transactions Review Committee shall meet at least once a calendar quarter.	The Related Party Transactions Review Committee meet at least once a quarter. There were 04 Related Party Transactions Review Committee meetings held during the financial Year ended 31 March 2025. The attendance at the Related Party Transactions Review Committee is given on page 41 of the Annual report.	1st October 2023	Complied
	Minutes of meetings are properly documented and communicated to the Board of Directors. The minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis.	Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter.		
	Members of the RPTRC to ensure they have or have access to adequate knowledge expertise and advice. 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.	Committee seeks expertise and professional knowledge on matters that need technical assistance. 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.	Subject to the exemptions given in terms of Rule 9.14.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.	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.		
	The RPTRC shall be provided with all the facts and circumstances of the proposed RPT by the senior management to facilitate the review of a RPT.	Management is conversant with their responsibility to furnish required facts and information necessary to review a RPT.		
	Directors shall not participate in discussions where there is conflict except for the express purpose of providing information. Where necessary, a special committee to be created to review a proposed RPT.	Directors are fully aware of their obligations in respect of conflict of interest.		
	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 REQUIREMENTS OF RULE 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Listing Rule No.	Subject	Status	Reference
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### 7.6 Contents of Annual Report

All listed entities must include in its Annual Reports and accounts, inter alia:

i)	Names of persons who were directors of the entity during the year	Complied	Please refer page 15
iii)	The names and the numbers of shares held by the 20 largest voting and non-voting shareholders and percentages	Complied	Please refer page 123
iv)	The Public Holding percentage	Complied	Please refer page 122
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 123
vi)	Information pertaining to material foreseeable risk factors of the entity	Complied	Please refer pages 32 to 33
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 page 86
ix)	Number of shares representing the entity's stated capital	Complied	Please refer page 96
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 121
xi)	Following ratios and market price information.	Complied	
	1. Dividend per share		Please refer page 118
	2. Dividend pay out		Please refer page 118
	3. Net asset value per share		Please refer page 118
	4. Market value per share - highest and lowest values recorded during the financial year - value as at the end of financial year		Please refer page 122
xii)	Significant changes in the entity or its subsidiary's fixed asset and the market value of land, if the value differs substantially from the book value	Complied	Please refer Note 12 and 13 in the Financial statement on page 79 to 87 of this report
xiii)	If during the year the entity has raised funds either through a public issue, Rights Issue and private placement	Complied	Please refer page 96
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 14 to 20
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	Please refer pages 109 to 112

# Corporate Governance

## 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>Hikkaduwa Beach Resort PLC is headed by an effective board, which is responsible for the leadership, stewardship and governance of the Company. The Board of Directors comprises of,</p> <ul style="list-style-type: none"> <li>• Two Executive Directors (ED)</li> <li>• Three Non-Executive Independent Directors (NED/ID)</li> <li>• Two Non-Executive Non-Independent Director (NED/NID)</li> </ul>
Board Meetings	A.1.1	Compliant	<p>Six (06) 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 2024/25. 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>
Board Responsibilities	A.1.2	Compliant	<p>The Board of Directors of Hikkaduwa Beach Resort PLC bears the responsibility for providing strategic direction, achieving objectives, responsible corporate behaviour, risk management, utilisation 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 behaviour. 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 emphasising 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>
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	Compliant	The objectivity and independent judgment in all decisions of the Directors are established by ensuring that the Board acts unrestrictedly from undue influence of other parties or circumstances.
Adequate time and effort from Directors	A.1.6	Compliant	<p>Board of Directors dedicates adequate time and effort to discharge their duties and responsibilities owed to the Company. The Board papers are distributed to the Directors ahead of the meetings, providing the opportunity to call for additional information and clarifications before the meeting.</p> <p>The Board has delegated the authority of directing the routine operations of the Company to the Executive Directors/CEO of the Company.</p>
Call for resolution to be presented	A.1.7	Compliant	A Director may and the secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
Training for Directors	A.1.8	Compliant	Existing Directors are encouraged to improve their knowledge base and skills on a continuous basis and the newly appointed Directors are introduced to the Board and the Senior Management after induction sessions conducted on Governance Framework, Company's culture and values, business model and strategy, duties and responsibilities of the Directors, current laws and regulations applicable to the tourism and hotel industry and important matters that were discussed during prior meetings.
The Role of the Chairman and Chief Executive Officer (CEO)	A.2: & A.3	Compliant	<p>There is a clear separation between the role of the Chairman and the CEO, with regard to the duties and responsibilities ensuring a balance between the power and authority and that no one individual has unfettered powers of decision making. The Chairman has the authority over the Board proceedings whereas the CEO is in charge of the day-to-day operations of the Company.</p> <p>The Chairman preserves the effective performance of the Board and facilitates the effective discharge of Board functions by ensuring that Board proceeding are carried out in proper manner.</p>

# Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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 06 to 07.
Board Balance	A.5	Compliant	The Board comprises of two Executive Directors and five Non-Executive Directors out of which three are Independent Directors and two 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.
Number of Independent Directors	A.5.2	Compliant	The Board of Directors of the Company Comprises five 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 2025 in accordance with section 07 of the CSE listing regulations on Corporate Governance. The biographical details of the Directors are set out on pages 06 to 07 of this report.
Alternative Director	A.5.6	Not Applicable	This principal is not applicable as an Alternate Director has not been appointed during the financial period 2024/25.
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 ad hoc reports and information as and when it is requested from the management.
Provision of adequate information on a timely basis to the Board	A.6.1 & A.6.2	Compliant	The minutes, agenda and the Board papers required for the Board meetings are provided to the Directors at least seven days before the meeting and management is obliged to provide the Board with relevant and timely information for effective decision making. Directors are also provided the opportunity to make enquiries from industry experts and professionals, senior management, auditors, central internal departments and the Company Secretary for further details and information as and when necessary.
Appointments to the Board	A.7	Compliant	Hikkaduwa Beach Resort 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	The Company has a separate committee for nomination. During the year, the Committee 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.

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 30th September 2025 by the shareholders and the proposals for re-election are specified in Notice of Meeting section on page 124.
Resignation	A.8.3	Compliant	Refer 'Appointment, Re-election and Resignation of Directors' in the Annual Report of the Board of Directors Page 34.
Appraisal of Board Performance	A.9	Compliant	Performance of the Board is evaluated from time to time with at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually coordinated by the Company Secretary and overseen by the Chairman.
Annual appraisal of Board performance and declaration of basis of performance	A.9.1, A.9.2, A.9.3 & A.9.4	Compliant	<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 06 to 07 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>Hikkaduwa Beach Resort PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board.</p> <p>The Remuneration Committee of the Company consists exclusively of Non-Executive Directors as prescribed by the Code of Best Practice, there are (03) Non-Executive Directors, two (02) of whom are Independent.</p> <p>The Group Head of Finance assists the committee by providing the relevant information and participating in the analysis and deliberations.</p> <p>In addition to the consultations done by the Remuneration Committee from the Chairman, on proposals relating to the remuneration of Executive Directors. Further the Remuneration Committee is provided the access to professional advice on such proposal whenever it is necessary.</p> <p>The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors.</p> <p>The Remuneration Committee met five (05) times during the financial year.</p>
Executive Share Options	B.2.5	Not Applicable	This section is not applicable to the Company 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 page 42.
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 112 under the note 34.4.1 as a part of the financial statements of this report.
Constructive use of the AGM and General Meetings	C.1	Compliant	The Company uses the AGM to effectively communicate and enhance the relationship with shareholders.
Constructive use of the AGM and General Meetings	C.1.1 – C.1.5	Compliant	<p>The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing the voting process at the meeting, and other relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders within the time frame stipulated in the relevant statutes. 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.
Communication with Shareholders	C.2.1 – C.2.7	Compliant	<p>PW 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 and/or Group Head of Finance.</p> <p>All matters in relation to shareholders should be communicated to the Company Secretary and/or Group Head of Finance.</p> <p>The Company Secretary and/or Group Head of Finance shall maintain all correspondence with the shareholders and disseminate timely responses to the shareholders.</p>

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Major and Material Transactions	C.3	Compliant	Refer the Annual Report of the board of directors of the affairs of the company on pages 34 to 39.
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.
Directors' responsibility for preparation and presentation of Financial Statements	D.1.3	Compliant	The Annual Report of the Directors as well as the Independent Auditors' Report declares the responsibility of the Board for the preparation and presentation of Financial Statements. The Consolidated Financial Statements of the Company were audited by Messrs Ernst and Young, Chartered Accountants.
Annual Report of the Directors	D.1.4	Compliant	<p>The Annual Report of the Board of Directors sets out the,</p> <ol style="list-style-type: none"> <li>Compliance with laws and regulations.</li> <li>Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007.</li> <li>Equitable treatment to shareholders.</li> <li>Directors have complied with best practices of Corporate Governance.</li> <li>Property, plant and equipment of the Company are reflected at their fair value.</li> <li>Appropriateness of the Company's Internal Control system.</li> <li>The business is a going concern.</li> </ol>
Responsibility of the Board for preparation and presentation of Financial Statements and Statement of Internal Controls	D.1.5	Compliant	The director's responsibility is stated on page 40 of the Annual Report.
Management Discussion Analysis	D.1.6	Compliant	<p>The "Management Discussion Analysis" of this Annual Report contain, among other issues;</p> <p>Industry Review (Pages 9 to 12)</p> <p>Risk Management (Pages 32 to 33)</p> <p>Corporate Governance (Pages 14 to 31)</p> <p>Stakeholder Relationships (Page 11)</p> <p>Financial Performance (Page 10)</p> <p>Prospects for the future (Page 12)</p>

## 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 41.</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 page 41.</p> <p>The Related Party Transactions Review Committee met four (4) 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 34 to the Financial Statements.</p>
Risk Management & Internal Controls	D.2	Compliant	<p>The Board assesses financial and other business risks faced by the Company on a quarterly basis at the Board meetings and determines the necessary safeguards and internal controls that should be designed and implemented in order to provide a reasonable assurance of achieving Company's objectives.</p> <p>The Audit Committee is responsible to the Board for ensuring the effective operation of the system of internal controls to achieve objectives of the Company.</p>
Effective System of Internal Controls & Risk Management Process	D.2.1	Compliant	The 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.
Disclosure on Risk Assessment and Mitigation	D.2.2	Compliant	The Audit Committee Report and Risk Management Report set in pages 45 to 46 and 32 to 33 respectively explains the risk assessment procedure, including those that would threaten its business model, future performance, solvency and liquidity; and specific risk mitigation strategies.
Internal Audit Function & Audit Committee review of Internal Control System	D.2.3 & D.2.4	Compliant	The Audit Committee oversees the Internal Audit requirement of the Company by agreeing on requirements when they arise and appoints internal auditors on a case by case basis on an agreed scope of work. Audit Committee reviews the performance and ensuring that the internal audit has sufficient and appropriate resources to perform their duties effectively and efficiently in maintenance of a sound risk management process and internal control system.

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 40 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 all three are Independent Non-Executive Directors. Please refer page 45.</p> <p>The Audit committee focuses principally on assisting the Board to fulfil 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 45 to 46.</p> <p>The Audit Committee met six (06) times during the year.</p>
Disclosure of the names of the Audit Committee and the Audit Committee Report	D.3.3	Compliant	The names of Directors in the Audit Committee are disclosed in page No 45 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 45 to 46 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".
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 45.
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 page 41.
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

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Corporate Governance Disclosure	D.6	Compliant	<p>The Corporate Governance section of the annual report from pages 14 to 31 sets out the manner and extent to which the Company has adopted the principals and provisions of the Code of Best Practice on Corporate Governance.</p> <p>The Company ensures that all shareholder rights are properly observed. Permanent procedures are carried out in line with the rules and regulations of the Colombo Stock Exchange, as well as the related laws.</p>
Structured dialogue with shareholders	E.1.1	Compliant	A regular and structured dialogue shall be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman.
Evaluation of governance disclosures by institutional investors	E.2	Compliant	Institutional investors are being encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition.
Investing/ Divesting Decision	F.1	Compliant	Individual shareholders are encouraged to carry out adequate analysis and seek professional advice when making their investment / divestment decisions.
Shareholder Voting	F.2	Compliant	Individual shareholders are encouraged to participate and exercise their voting rights.
Board's responsibility on Cybersecurity	G.1	Compliant	The Board regularly monitors the latest developments in the field of IT and conducts discussions on how such developments can be utilised 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 set out in the Internal Audit Report and same is reported to the Audit Committee. High risk matters are referred to the Board for further actions.
Effectiveness of the Cybersecurity Risk Management System	G.4	Compliant	An Annual Information Risk Management audit is carried out by an independent third party, and identified issues are reported through the Management Letter.
Disclosure on Cybersecurity Risk Management	G.5	Compliant	"Risk Management Report" set in pages 32 to 33 provides a detailed explanation of "cybersecurity risks faced by Hikkaduwa Beach Resort PLC and risk management strategies.
Environment, Society and Governance	H	Compliant	The Company has a policy on an Environment, Social and Governance Policy



## 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	Annual Report of the Board of Directors	Complied
(1) (i)	Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm	Notes to the Financial Statements	Complied
(1) (j)	Particulars of any relationship (other than that of Auditor) which the Auditor has with or any interests which the Auditor has in, the Company or any of its subsidiaries	Annual Report of the Board of Directors	Complied
(1) (k)	Be signed on behalf of the Board by two Directors of the Company	Financial Statements Complied	Complied

# Risk Management

Hikkaduwa Beach Resort PLC operates in a rapidly evolving and interconnected business environment. As a participant in the tourism and hospitality sector – one of the most sensitive to external shocks – understanding, anticipating and responding to risk is essential for sustainable value creation. Aligned with the principles of the Integrated Reporting (IR) Framework, our risk management approach extends beyond safeguarding assets; it supports strategic decision-making, resilience building and long-term performance. We recognise that effective risk management must be embedded across our business model and integrated into our daily operations. We adopt a structured Enterprise Risk Management (ERM) framework encompassing the identification, assessment, mitigation, and monitoring of material risks. This process is reinforced by oversight from the Board of Directors and the Audit Committee, as well as active participation by the senior management team.

Risk	Description & Potential Impact	Mitigation Strategies
1. Supply Chain Disruptions	Disruptions in availability or cost of essential goods and services can compromise hotel operations and guest satisfaction.	<ul style="list-style-type: none"> <li>• Maintain strong relationships with reliable suppliers.</li> <li>• Flex procurement and menus according to availability.</li> <li>• Source local alternatives where possible.</li> </ul>
2. Market Competition	Intensified competition from both formal and informal accommodation providers leads to pressure on margins and occupancy.	<ul style="list-style-type: none"> <li>• Invest in brand development and loyalty programmes.</li> <li>• Differentiate offerings with unique guest experiences.</li> <li>• Strengthen partnerships with online travel agents (OTAs) and travel agents.</li> </ul>
3. Talent Attraction and Retention	High turnover in key operational areas can disrupt service consistency and guest satisfaction.	<ul style="list-style-type: none"> <li>• Develop internal talent pipelines and succession plans.</li> <li>• Offer competitive remuneration and benefits.</li> <li>• Regular training, engagement, and recognition programmes.</li> </ul>
4. Interest Rate Volatility	Fluctuations in interest rates increase cost of borrowing and impact profitability.	<ul style="list-style-type: none"> <li>• Proactively negotiate favourable terms with lenders.</li> <li>• Monitor market trends and refinance where beneficial.</li> <li>• Maintain prudent capital structure and gearing ratios.</li> </ul>
5. Foreign Exchange Risk	Volatility in exchange rates affects pricing, margins, and international revenue.	<ul style="list-style-type: none"> <li>• Contract tour operators in US Dollars.</li> <li>• Regularly review pricing strategy in line with FX movements.</li> <li>• Consider hedging strategies where applicable.</li> </ul>
6. Reputational Risk	Social media and review platforms amplify service issues, affecting public perception.	<ul style="list-style-type: none"> <li>• Maintain service excellence through staff training and infrastructure.</li> <li>• Monitor and respond to online reviews actively.</li> <li>• Consistently promote a guest-first culture.</li> </ul>
7. Credit Risk	Delays or defaults in payments from clients and agents affect liquidity.	<ul style="list-style-type: none"> <li>• Enforce credit checks and approval protocols.</li> <li>• Maintain strong receivables monitoring and collections process.</li> <li>• Establish credit limits and client evaluations.</li> </ul>
8. Cybersecurity Threats	Increased digital reliance exposes the Group to data breaches and disruptions.	<ul style="list-style-type: none"> <li>• Implement robust IT infrastructure and firewall protection.</li> <li>• Conduct periodic cybersecurity testing and audits.</li> <li>• Train staff on digital safety and phishing awareness.</li> </ul>

Risk	Description & Potential Impact	Mitigation Strategies
9. Air Travel Affordability	Rising airfares and travel costs reduce Sri Lanka's appeal as a long-haul destination.	<ul style="list-style-type: none"> <li>• Offer long-stay discounts and flexible pricing packages.</li> <li>• Strengthen loyalty incentives for repeat guests.</li> <li>• Advocate for national policies supporting travel affordability.</li> </ul>
10. Geopolitical Risk	Conflicts like the Russia-Ukraine war reduce arrivals from key source markets and increase fuel costs.	<ul style="list-style-type: none"> <li>• Diversify tourist markets to reduce dependency.</li> <li>• Adjust marketing to focus on resilient segments.</li> <li>• Promote regional and domestic tourism to bridge gaps.</li> </ul>
11. Domestic Political Uncertainty	Election-related instability and policy shifts may affect tourism sentiment and investment decisions.	<ul style="list-style-type: none"> <li>• Stay fully compliant with all regulatory frameworks.</li> <li>• Maintain business agility and flexible planning.</li> <li>• Engage with stakeholders and industry associations.</li> </ul>

## GOVERNANCE AND RISK CULTURE

Risk oversight is embedded at all levels of the organisation – from the Board of Directors and Audit Committee to operations.

## FORWARD OUTLOOK

Hikkaduwa Beach Resort PLC will continue to enhance its risk maturity by adopting advanced risk analytics and dashboards, expanding Environmental, Social, and Governance (ESG) and climate risk integration, strengthening employee risk awareness and maintaining agile responses to evolving threats. The Group's ongoing effort underpins our commitment to sustainable value creation.

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

The Board of Directors of Hikkaduwa Beach Resort PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary for the Financial Year ended 31 March 2025, 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

The Company was incorporated under the Companies Act, No.7 of 2007 as a Limited Liability Company on 23rd February 2011. It obtained a listing for its shares on the Diri Savi Board of the Colombo Stock Exchange on 17th December 2012.

## PRINCIPAL ACTIVITIES

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

Principal activities of the subsidiary are given in Note 2.2.1 to the Financial Statements on page 62.

This Report together with the Financial Statements, reflect the state of affairs of the Company.

## REVIEW OF OPERATIONS

The management discussion and analysis covers the operations of the Company during the financial year under review on pages 9 to 12.

## FINANCIAL STATEMENTS

The complete Financial Statements of the Company and Consolidated Financial Statements of the Company and its subsidiary, duly signed by two Directors on behalf of the Board are given on pages 53 to 116 .

## AUDITORS' REPORT

The Report of the Auditors on the Financial Statements of the Company and its subsidiary is given on pages 49 to 52.

## ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 61 to 73 and are consistent with those of the previous period.

## DIRECTOR'S RESPONSIBILITY 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.

A further statement in this regard is included on page 40.

## DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 06 to 07.

## EXECUTIVE DIRECTORS

Mr. P C B Talwatte (Chief Executive Officer)

Mr. S M A De Silva Sugathapala

## NON-EXECUTIVE DIRECTORS

Mr. R G Seneviratne

Mr. S A Ameresekere

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. S P S Ranatunga (Chairman)

Mr. P N Mahawatte

Mr. P L P Withana

## CHANGES IN THE DIRECTORATE OF THE COMPANY

### Resignations

Mr. P V S Premawardhana, Non-Executive Director resigned with effect from 30th September 2024.

Mr. S D de Mel, Chairman/Independent Non-Executive Director resigned with effect from 17th December 2024.

Mr. J M B Pilimalawwe, Non-Executive Director resigned with effect from 25th February 2025.

### New Appointments

Mr. J M B Pilimalawwe was appointed as a Non-Executive Director with effect from 30th September 2024.

Mr. S P S Ranatunga was appointed as an Independent Non-Executive Director with effect from 17th December 2024 and was appointed the Chairman of the Board of Directors with effect from the said date.

Mr. P N Mahawatte was appointed as an Independent Non-Executive Director with effect from 17th December 2024.

Mr. P L P Withana was appointed as and Independent Non executive Director with Effect from 3rd May 2024.

## Re-designations

Mr. R G Seneviratne was re-designated as a Non-Executive Director with effect from 17th December 2024.

## RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION

Mr R G Seneviratne retires by rotation in terms of Articles 88 and 89 of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee is recommended by the Board for re-election.

## RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO WERE APPOINTED SINCE THE LAST ANNUAL GENERAL MEETING

Messrs S P S Ranatunga and P N Mahawatte, who were appointed to the Board in terms of Article 95 of the Articles of Association of the Company, since the last Annual General Meeting are recommended by the Board for re-election by the shareholders, consequent to review by the Nominations and Governance Committee.

## DIRECTORS OF THE SUBSIDIARY COMPANIES AS AT 31ST MARCH 2025 AND THE CHANGES IN THE DIRECTORATE

### Waskaduwa Beach Resort PLC

The Directors of Waskaduwa Beach Resort PLC as at 31st March 2025 consisted of the following:

Mr. S P S Ranatunga (Chairman)

Mr. P C B Talwatte  
(Chief Executive Officer)

Mr. S M A De Silva Sugathapala

Mr. R G Seneviratne

Ms. V S F Amunugama  
Mr. J M B Pilimatalawwe  
Mr. S A Ameresekere  
Mr. P L P Withana  
Mr. P N Mahawatte

### Changes in the Directorate of Waskaduwa Beach Resort PLC

- Messrs S P S Ranatunga and P N Mahawatte were appointed as Independent Non-Executive Directors with effect from 17th December 2024
- Mr. R G Seneviratne was re-designated as a Non-Executive Director with effect from 17th December 2024.
- Mr. S D de Mel, Chairman/Independent Non-Executive Director resigned with effect from 17th December 2024.

### 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 Company has adopted a Remuneration Policy and established a formal procedure for determination of remuneration of Directors including Executive Directors. No Director is involved in deciding his or her own remuneration.

The Directors' Remuneration is disclosed under Key Management Personnel compensation in Note 34.4.1 to the Financial Statements on page 112.

### 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.

The company has recorded Rs 1,040,000/- as audit fees and Rs 1,106,148/- 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 2025 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

The Auditor of the subsidiary company, Waskaduwa Beach Resort PLC is Messrs Ernst & Young, 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 75.

### INDEPENDENCE OF AUDITORS

Based on the declaration provided by Messrs Ernst & Young, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

### STATED CAPITAL

The Stated Capital of the Company as at 31st March 2025 was Rs.5,526,201,686/- representing 542,663,531 ordinary shares (Rs.4,624,023,566/-representing 284,898,354 ordinary shares as at 31st March 2024).

### BOARD OF DIRECTORS AND RELEVANT INTEREST IN SHARES

The Board consists of seven Directors, comprising of two (02) Executive Directors and five (05) Non-Executive Directors, three (03) of whom are Independent;

Directors' interest in the shares of the Company as at 31st March 2025 and 31st March 2024 were as follows:

Name of the Director	No. of shares as at 31.03.2025	No. of shares as at 31.03.2024
Mr. S P S Ranatunga (Chairman)	Nil	N/A
Mr. P C B Talwatte (Director/CEO)	9,523	5,000
Mr S M A De Silva Sugathapala	464,394	464,394
Mr. R G Seneviratne	212,749	212,749
Mr. S A Ameresekere	Nil	Nil
Mr. P L P Withana	Nil	N/A
Mr. P N Mahawatte	Nil	N/A

### SHAREHOLDERS

There were 3,561 shareholders registered as at 31st March 2025 (2,507 shareholders as at 31st March 2024). The details of distribution are given on page 122 of this report.

### MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings per share, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 122 to 123 under Shareholders' Information.

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

## PUBLIC HOLDING

Information on public holding in terms of the Listing Rules is given on page 123 under Share 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 2025, 138 persons were in employment (146 persons as at 31st March 2024).

There were no material issues pertaining to employees and industrial relations during the financial year.

## RESERVES

The reserves of the Group with the movements during the year are given in financial statements on pages 55.

## LAND HOLDINGS

The Group holds a freehold lands of 1,690.08 perches as stated in Notes 13 and 14 to the Financial Statements.

## PROPERTY, PLANT & EQUIPMENT

Details and movements of property, plant and equipment are given in Note 13 to the Financial Statements on pages 80 to 87.

## INVESTMENTS

Details of the Company's quoted investments as at 31st March 2025 are given in Notes 21.1 to the Financial Statements on pages 95.

## MATERIAL FORESEEABLE RISK FACTORS

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

Risk Management objectives & policies are set out in Note 33 on pages 112 to 116.

## DONATIONS

There were no donation made by the company during the year under review.

## DIVIDENDS

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

## 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.

## RISK MANAGEMENT

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 32 to 33.

## CONTINGENT LIABILITIES

As disclosed in Note 33.1 to the Financial Statements on page 108, there were no contingent liabilities as at the reporting date.

## ENVIRONMENTAL PROTECTION

The Company and the Group make every endeavour to ensure compliance with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company and the Group operate in a manner that minimises the detrimental effects on the environment within which the Company and the Group operate.

## Material Issues pertaining to Employees and Industrial Relations pertaining to the Company

No material issues pertaining to employees or industrial relations of the Company occurred during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

## CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Corporate Governance Rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and Employees.

The Corporate Governance Statement on pages 14 to 31 explains the measures adopted by the Company during the year

## POLICIES IN TERMS OF RULE 9.2 OF THE LISTING RULES

In terms of Rule 9.2.1 of the Listing Rules, the Company established, adopted and published on the Company website ([www.citrusleisure.com](http://www.citrusleisure.com)) the following policies, ensuring adherence to best practices in corporate governance, ethical conduct, and regulatory compliance:

- a) Policy on the matters relating to the Board of Directors
- b) Policy on Board Committees
- c) Policy on Corporate Governance, Nominations and Re-election
- d) Policy on Remuneration
- e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- f) Policy on Risk Management and Internal controls
- g) Policy on Relations with Shareholders and Investors
- h) Policy on Environmental, Social and Governance Sustainability
- i) Policy on Control and Management of Company Assets and Shareholder Investments
- j) Policy on Corporate Disclosures
- k) Policy on Whistleblowing
- l) Policy on Anti-Bribery and Corruption

There were no significant changes to the above policies adopted by the Company during the year under review.

## **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. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

## **INDEPENDENCE OF DIRECTORS**

The Board, based on the Declarations submitted by the Independent Directors declaring his/her independence against the criteria specified in Rule 9.8.3 of the Listing Rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors, determined that the Three (3) Independent Directors namely Messrs S P S Ranatunga, P N Mahawatte are P L P Withana are 'Independent' in terms of the Listing Rules.

## **POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS**

The Company has established a process for effective communication and relations with shareholders and investors. Accordingly, the shareholders have access to the Company as set out in policies in terms 9.2 of listing rule on page 36 of this report.

## **OTHER DIRECTORSHIPS HELD BY THE DIRECTORS**

The Board, based on the recommendations of the Nominations and Governance Committee, and considering the time allocation required of the Directors for the Board related matters of the Company decided that a Director of the Company shall not hold more than Ten (10) directorships in Listed Companies.

## **POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS**

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

## **ADDITIONAL DISCLOSURES BY/ PERTAINING TO DIRECTORS**

- (i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

- (ii) Material Business Relationships with each other

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

- (iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on pages 06 to 07.

- (iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the Internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

- (v) Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

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.

## **BOARD MEETINGS**

Six (06) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 15.

## **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 and the Nomination & Governance Committee are detailed in the respective reports.

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

## **APPRAISAL OF BOARD PERFORMANCE**

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

## **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.



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

## BOARD SUB COMMITTEES

Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and a Nominations and Governance Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience. The composition of the said committees is as follows:

### AUDIT COMMITTEE

The Audit Committee comprises of three (03) Non-Executive Directors, all of whom are Independent and the composition of the Committee is as follows:

Mr. P L P Withana - Chairman  
Independent Non-Executive Director

Mr. S P S Ranatunga  
Independent Non-Executive Director

Mr. P N Mahawatte  
Independent Non-Executive Director

The Report of the Audit Committee appears on pages 45 to 46.

### REMUNERATION COMMITTEE

The Remuneration Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee is as follows:

Mr. P N Mahawatte - Chairman  
Independent Non-Executive Director

Mr. P L P Withana  
Independent Non-Executive Director

Mr. S A Ameresekere  
Non-Executive Director

The Report of the Remuneration Committee appears on page 42.

## 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 is as follows:

Mr. P L P Withana - Chairman	Independent Non-Executive Director
Mr. S P S Ranatunga	Independent Non-Executive Director
Mr. S A Ameresekere	Non-Executive Director

The Report of the Related Party Transactions Review Committee appears on page 41.

## NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee is as follows:

Mr. P N Mahawatte - Chairman	Independent Non-Executive Director
Mr. S P S Ranatunga	Independent Non-Executive Director
Mr. S A Ameresekere	Non-Executive Director

The Report of the Nominations and Governance Committee appears on pages 43 to 44.

## CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programmes, such as meals for an orphanage and many cleanup programmes which were carried by the Company in Beaches and other public area.

## DECLARATION - COMPLIANCE WITH THE LISTING RULES ON RELATED PARTY TRANSACTIONS

In terms of Rule 9.14.8(4) of the Listing Rules, the Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31 March 2025.

## NON-RECURRENT RELATED PARTY TRANSACTIONS - DISCLOSURE IN TERMS OF RULE 9.14.8 (1) OF THE LISTING RULES

There were no non-recurrent related party transactions which aggregate value exceeded 10% of the equity or 5% of the total assets whichever is lower of the Group as per latest Audited Financial Statements as at 31st March 2024, which required additional disclosures in this Annual Report in terms of Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

## 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.



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
Citrus Leisure PLC	Parent	Funds Received / Interest Accrued & Others	484,967,549	29%	Normal commercial terms

## SPECIAL BUSINESS

### Special Business to be transacted at the Annual General Meeting - Amendments to the Articles of Association

The "Special Business" set out as Item 2 of the Notice of Annual General Meeting contains amendments to certain Articles of the Articles of Association of the Company, as recommended by the Directors, to be adopted by way of a Special Resolution. The salient amendments proposed are :

- Currently, the minimum number of Directors shall not be less than two (02) or more than seven (07). The recent amendments to Listing Rules require the minimum number to be increased to five (05). Whilst the Directors have proposed that the maximum number of Directors be increased to twelve (12). The proposed amendment to the number of Directors is to be in line with the new Rule, and the amendment as proposed by the Board.
- The Listing Rules have introduced provisions relating to the circumstances under which / the period for which an Alternate Director may be appointed. The proposed amendment to the provisions relating to Alternate Directors is to align the existing provisions with the Listing Rules.
- Additional methods were brought in, to serve notice on shareholders.
- Further provision in terms of the Listing Rules that publication by advertisement must be done as required by the statute in all three languages in national daily newspapers is proposed to be amended. Publication of notice was further enhanced if permitted by law, to be done via the official website of the Company and/or the official website of the Colombo Stock Exchange so long as the Company is listed on the Colombo Stock Exchange.

## EVENTS AFTER THE REPORTING DATE

No material events have occurred since the date of statement of financial position, which require adjustments to or disclosure in the financial statements.

## GOING CONCERN

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

## ANNUAL GENERAL MEETING

The Notice of the Fourteenth (14th) Annual General Meeting appears on page 124.

## ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

As required by the section 168(1)(k) of the Companies Act No. 07 of 2007, the Board of Directors do hereby acknowledge the content of this Annual Report.

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



**S P S Ranatunga**  
Chairman



**P C B Talwatte**  
Director / CEO



**P W Corporate Secretarial (Pvt) Ltd**  
Secretaries

29 August 2025  
Colombo

# Statement of Directors' Responsibility

The following statement sets out responsibility of the Directors in relation to the Financial Statements of the Company and its subsidiary prepared in accordance with the provisions of the Companies Act No. 07 of 2007.

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on pages 49 to 52 of the Annual Report.

As per the provisions of sections 151, 153(1) and (2), 150(1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiary as at the reporting date and its profit or loss for the financial year then ended, 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 it is 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 above obligation is discharged by the Directors by making available the Annual Report on the Company's official website and the Colombo Stock Exchange website in terms of Rule 7.5(b) of the Listing Rules of the Colombo Stock Exchange. As per the said Rule printed copies of the Annual Report will be made available to the shareholders on request.

In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all

applicable accounting standards have been complied with.

The Directors are also required to ensure that the Company and its subsidiary have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

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

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 account 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.

The Directors have also implemented effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee.

The Directors have taken appropriate steps to ensure that the Company and its subsidiary maintain proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Board Audit Committee.

The Board of Directors also approves the Interim Financial Statements prior to their release following a review and recommendation by the Board Audit Committee.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

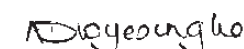
The Financial Statements of the Company and its subsidiary have been certified by the Group Head of Finance of the

Company, the officer responsible for their preparation as required by the Section 152(1)(b) and they have also been signed by two Directors of the Company as required by Section 152(1)(c) of the Companies Act.

The Directors to the best of their knowledge and belief, are satisfied and all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company and its subsidiary as at the reporting date have been paid and where relevant, provided for.

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

By Order of the Board of  
**Hikkaduwa Beach Resort PLC**



**P W Corporate Secretarial (Pvt) Ltd**  
Secretaries

29th August 2025

# Report of the Related Party Transaction Review Committee

## 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 17th December 2024 is as follows:

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

Changes in the sub committee as at reporting date

- Mr. E P A Cooray, Independent Non-Executive Director ceased to be the Chairman/Member of the Committee w.e.f. 23rd April 2024.
- Mr. P C B Talwatte, Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.
- Mr. P V S Premawardhana, Non-Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.
- Mr. P L P Withana, Independent Non-Executive Director was appointed the Chairman/Member of the Committee w.e.f. 3rd May 2024.
- Mr S D De Mel Independent Non-Executive Director ceased to be a Member of the Committee w.e.f. 17th December 2024.
- Mr S P S Ranatunga , Independent Non-Executive Director was appointed as a Member of the Committee w.e.f. 17th December 2024.

## MEETINGS

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

Member's Attendance at the Related Party Transactions Review Committee Meetings from 01.04.2024 to 31.03.2025 is as follows:

Name of the Director	Meetings Attended
Mr. P L P Withana [from 03.05.2024 ]	4/4
Mr. S A Ameresekere [from 01.01.2016]	4/4
Mr. S D De Mel [from 01.01.2016 to 17.12.2024]	3/3
Mr. S P S Ranatunga [from 17.12.2024]	1/1

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 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 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. The terms and conditions of Related party transactions carried out in the ordinary course of business is further detailed in Note 34.1.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.14.8 (1) & 9.14.8 (2) is on page 38.

## 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 32 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 and disclosure in accordance with the Listing Rules pertaining to related party transactions is given on page 28 of the Annual Report.



**P L P Withana**  
Chairman - Related Party Transactions Review Committee

29 August 2025  
Colombo

# Report of the Remuneration Committee

## COMPOSITION OF THE COMMITTEE

The Remuneration Committee of The Compnay, appointed by and responsible to the Board of Directors, comprises of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee since 17th December 2024 is as follows:

Mr. P N Mahawatta	- Independent Non-Executive Director - Chairman of the Committee
Mr. P L P Withana	- Independent Non-Executive Director - Member
Mr. S A Ameresekere	- Non-Executive Director - Member

Changes in the subcommittee as at reporting date

- Mr. E P A Cooray, Independent Non-Executive Director ceased to be a Member of the Committee w.e.f. 23rd April 2024 & Re appointed as a Member of the Committee w.e.f. 17th December 2024.
- Mr. S A Ameresekere, Non-Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.
- Mr R G Seneviratne, Non-Executive Director ceased to be a Member of the Committee w.e.f. 17th December 2024.
- Mr. S D De Mel, Independent Non-Executive Director ceased to be a Member of the Committee w.e.f. 17th December 2024.
- Mr. J M B Pilimalawwe, Non-Executive Director ceased to be a Member of the Committee w.e.f. 17th December 2024.

## MEETINGS

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

Member's Attendance at the Remuneration Committee Meetings from 01.04.2024 to 31.03.2025 is as follows:

Name of the Director	Meetings Attended
Mr. R G Seneviratne [from 15.03.2011 to 17.12.2024]	3/4
Mr. S D De Mel [from 15.03.2011 to 17.12.2024]	4/4
Mr. J M B Pilimalawwe [from 10.05.2011 to 17.12.2024]	4/4
Mr. P N Mahawatte [from 17.12.2024]	1/1
Mr. P L P Withana [from 17.12.2024]	1/1
Mr. S A Ameresekere [from 17.12.2024]	1/1

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.



**P N Mahawatte**  
Chairman - Remuneration Committee

29 August 2025  
Colombo

# Nominations and Governance Committee Report

The Nominations and Governance Committee ("the Committee") of the Company was established on 30. 09. 2024. The Committee has been appointed by and is responsible to the Board of Directors and comprises Two Independent Non-Executive Directors and one Non-Executive Director.

Members' Attendance at the Nominations and Governance Committee Meetings from 01.04.2024 to 31.03.2025 is as follows:

Mr. P N Mahawatta	- Independent Non-Executive Director - Chairman of the Committee
Mr S P S Ranatunga	- Independent Non-Executive Director - Member
Mr. S A Ameresekere	- Non-Executive Director - Member

Name of the Director	Meetings Attended
Mr. R G Seneviratne [from 30.09.2024 to 17.12.2024]	1/1
Mr. S D De Mel [from 30.09.2024 to 17.12.2024]	1/1
Mr. J M B Pilimalawwe [from 30.09.2024 to 25.02.2025]	1/1
Mr. S P S Ranatunga [from 17.12.2024]	Nil
Mr. P N Mahawatte [from 17.12.2024]	Nil
Mr. S A Ameresekere [from 25.02.2025]	Nil

The Chairman of the Committee is an Independent Non- Executive Director.

The Committee has well-defined terms of reference approved by the Board outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters.

PW Corporates (Private) Limited, the Secretaries of the Company, acts as the Secretary to the Committee.

## DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

1. The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
2. Consider and recommend (or not recommend) the re- election of current Directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the

discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.

3. Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re-appoint Directors of the Company.
4. Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
5. Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors of the Company to ensure their responsibilities are satisfactorily discharged.
6. Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
7. Develop succession plans for the Board of Directors and Key Management Personnel.
8. Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.

9. Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

## DISCLOSURE OF ACTIVITIES

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Chief Executive Officer. Special Board meetings are called if the need arises, to discuss any important or critical matters. No such special meetings were held during the financial year.

Newly appointed Directors were given an induction to the Company and the orientation programme includes inviting the Directors to the manufacturing facilities to gain an understanding of the operations of the Company. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Non-Executive Directors have submitted declarations regarding their independence / non-independence. The fitness and propriety of the Directors were examined. All Independent Directors of the Company meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

The Company has adopted the following policies, with effect from 01st October 2024, and has uploaded them to the

# Nominations and Governance Committee Report

Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange:

1. Policy on Anti – Bribery and Corruption
2. Policy on Internal Code of Business conduct and Ethics
3. Policy on Board Committees
4. Policy on Remuneration
5. Risk Management & Internal Control Policy
6. Environment, Social & Governance Policy
7. Policy on Whistleblowing
8. Policy on Matters Relating to the Board of Directors
9. Policy on Relations with Shareholders and Investors
10. Policy on Corporate Governance, Nominations and Re-election
11. Policy on Corporate Disclosures
12. Policy on Control and Management of Company Assets and Shareholder investments

The policies and processes relating to the nomination of new Members to the Board are governed by the Policy on Corporate Governance.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Company is committed to ensuring Board diversity by bringing a wide range of experience and skills to the Board. Age and gender diversity have been essential factors contributing to the effective performance of the Company's Board.

The Corporate Governance requirements stipulated under the Listing Rules are met by the Company and details are given on page 14 to 31 of this Report.



**P N Mahawatta**  
Chairman  
Nominations and Governance Committee

29 August 2025  
Colombo

## RE-APPOINTMENTS / RE- ELECTIONS

One Third (1/3) of all the Directors, except those who have been appointed to the Board since the last Annual General Meeting, retire by rotation in terms of the Articles of Association and being eligible submit themselves for reelection at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Mr. Samantha Pradeep Samarawickrama Ranatunga , Mr. Priyanka Nirana Mahawatte , and Mr. Rajinda Goonewardene Seneviratne as Directors at the Annual General Meeting to be held on 30th September 2025 , based on their performance and the contribution made to achieve the objectives of the Board.

# Audit Committee Report

## COMPOSITION OF THE COMMITTEE

The Audit Committee of The Company comprises of three (03) Independent Non-Executive Directors, and the composition of the Committee since 17th December 2024 is as follows:

Mr. P L P Withana	- Independent Non-Executive Director - Chairman of the Committee
Mr. S P S Ranatunga	- Independent Non-Executive Director - Member
Mr. P N Mahawatta	- 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 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
- Mr S A Ameresekere, Non-Executive Director was ceased to be a Member of the Committee w.e.f. 17th December 2024.
- Mr S D De Mel, Independent Non-Executive Director was ceased to be a Member of the Committee w.e.f. 17th December 2024.
- Mr R G Seneviratna, Non-Executive Director was ceased to be a Member of the Committee w.e.f. 17th December 2024.

## MEETINGS

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

Members' Attendance at the Audit Committee Meetings from 01.04.2024 to 31.03.2025 is as follows:

Name of the Director	Meetings Attended
Mr. P L P Withana [from 03.05.2024]	6/6
Mr. S D De Mel [ceased to be a Member from 17.12.2024]	5/5
Mr. S A Ameresekere [from 10.11.2015 to 17.12.2024]	5/5
Mr. R G Seneviratne [from 10.05.2011 to 17.12.2024]	4/5
Mr. S P S Ranatunga [from 17.12.2024]	1/1
Mr. P N Mahawatte [from 17.12.2024]	1/1

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

Group Head of Finance also attended to meetings by invitation. The company secretary functions as the secretary to the committee.

## THE PRINCIPAL RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good Corporate Governance by actively creating awareness and providing advice to the 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 Chartered Accountants of Sri Lanka. The Statutory Auditors, Chief Executive Officer, General Managers of the Hotels, Group Head of Finance and Hotel Accountant attended these meetings of the Audit Committee at the invitation of the Chairman of the Audit Committee. Outsourced Internal Auditors are utilised at the discretion of the Audit Committee when required on any given scope of work.

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 six times during the financial year ended 31 March 2025.

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.



# Audit Committee Report

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. The Audit Committee monitors and reviews each year the effectiveness of, and the framework for, the Group's system of internal control and risk management. The Audit Committee undertook a review of the effectiveness of, and the framework for the Group's system of internal control and risk management, including financial, operational and compliance controls during the year. In addition to this review, the External Auditors 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 2025/26.

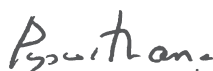
## RE-APPOINTMENT OF AUDITORS

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 2026, 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 8 to the Consolidated Financial Statements on page 75.

## 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 minimise the impact of identifiable risks.

The Committee further assessed that future prospects of its business operations and is satisfied with the going concern assumption used in the preparation of the Financial Statements as being appropriate. This report was approved by the Board and signed on its behalf by:



**P L P Withana**

Chairman - Audit Committee

29 August 2025  
Colombo



## **FINANCIAL STATEMENTS**

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## FINANCIAL CALENDAR

Interim Financial Statement - Quarter 1	15 August 2024
Interim Financial Statement - Quarter 2	12 November 2024
Interim Financial Statement - Quarter 3	14 February 2025
Interim Financial Statement - Quarter 4	31 May 2025
Annual General Meeting	30 September 2025

# Independent Auditor's Report



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

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ey.com

## TO THE SHAREHOLDERS OF HIKKADUWA BEACH RESORT PLC

### Report on the audit of the Financial Statements

#### Opinion

We have audited the financial statements of Hikkaduwa Beach Resort PLC ("the Company"), and the consolidated financial statements of the Company and its Subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2025 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<b>Assessment of impairment of investment in associate.</b>  As at 31 March 2025, the Group's Investment in associate amounted to Rs. 2,269.5 Mn which represents 21% of the total assets of the Group.  As disclosed in Note 17, an assessment of impairment was carried out by the management to ascertain the recoverable amount of investment in associate.	<b>Our audit procedures included the following;</b> <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></ul>

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 FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

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

A member firm of Ernst & Young Global Limited

# Independent Auditor's Report



Key Audit Matter	How our audit addressed the Key Audit Matter
<p>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 17 to the financial statements</li> </ul>	<ul style="list-style-type: none"> <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 17 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, land improvements and buildings carried at fair value. This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>Materiality of the reported land, land improvements and buildings balances which amounted to Rs. 7,579.7 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, land improvements 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><b>Our audit procedures included the following;</b></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>
<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. 3,046 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 27.3.</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 materiality of the reported amounts.</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><b>Our audit procedures included the following;</b></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 35.4 to the financial statements relating to the interest-bearing loans and borrowings and liquidity risk aspects.</p>



## Other information included in the 2025 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.

# Independent Auditor's Report



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.

29 August 2025  
Colombo.

# Statement of Profit or Loss

Year ended 31 March	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
<b>Revenue</b>	5	<b>1,816,868,919</b>	1,654,360,236	<b>596,721,807</b>	563,225,991
Cost of sales		<b>(597,013,218)</b>	(590,278,899)	<b>(178,920,171)</b>	(179,869,502)
<b>Gross profit</b>		<b>1,219,855,701</b>	1,064,081,337	<b>417,801,636</b>	383,356,489
Other income and gains	6	<b>80,731,982</b>	8,530,521	<b>77,923,162</b>	5,827,527
Administrative expenses		<b>(540,068,740)</b>	(492,020,323)	<b>(193,316,136)</b>	(167,032,979)
Selling and marketing expenses		<b>(64,402,003)</b>	(49,353,062)	<b>(27,211,390)</b>	(27,238,796)
Other operating expenses		<b>(492,330,929)</b>	(536,721,353)	<b>(143,458,636)</b>	(149,487,624)
<b>Operating profit/(loss)</b>		<b>203,786,011</b>	(5,482,880)	<b>131,738,636</b>	45,424,617
Finance income	7.1	<b>14,218,101</b>	7,071,565	<b>45,062,725</b>	38,881,471
Finance cost	7.2	<b>(395,439,841)</b>	(623,688,644)	<b>(184,535,126)</b>	(304,531,553)
Share of profit of associate	17	<b>24,754,911</b>	72,312,263	<b>24,754,911</b>	72,312,263
<b>Profit / (Loss) before Tax</b>	8	<b>(152,680,818)</b>	(549,787,696)	<b>17,021,147</b>	(147,913,202)
Tax expense	9	<b>(34,234,747)</b>	(112,961,610)	<b>(34,756,413)</b>	(112,067,055)
<b>Loss for the year</b>		<b>(186,915,565)</b>	(662,749,306)	<b>(17,735,266)</b>	(259,980,257)
<b>Loss attributable to:</b>					
Equity holders of the parent		<b>(163,704,249)</b>	(592,663,939)	<b>(17,735,266)</b>	(259,980,257)
Non-controlling interests		<b>(23,211,316)</b>	(70,085,367)	<b>-</b>	-
		<b>(186,915,565)</b>	(662,749,306)	<b>(17,735,266)</b>	(259,980,257)
<b>Basic loss per share</b>	10	<b>(0.31)</b>	(1.8)	<b>(0.03)</b>	(0.79)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 61 through 116 form an integral part of these financial statements.

# Statement of Comprehensive Income

Year ended 31 March	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
<b>Loss for the year</b>		<b>(186,915,565)</b>	(662,749,306)	<b>(17,735,266)</b>	(259,980,257)
<b>Other comprehensive income/(loss)</b>					
<b>Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods</b>					
Revaluation of land, land Improvements and building	13	<b>135,770,004</b>	888,687,171	<b>24,318,367</b>	206,532,767
Deferred tax effect on revaluation of land, land improvements and building	29	<b>(40,731,002)</b>	(607,529,125)	<b>(7,295,511)</b>	(61,959,830)
Actuarial gain / (loss) on retirement benefit obligation	28	<b>(790,397)</b>	(405,010)	<b>(1,490,710)</b>	783,628
Deferred tax effect on retirement benefit obligation	29	<b>237,119</b>	121,503	<b>447,213</b>	(235,088)
Share of other comprehensive income of associate	17	<b>1,130,884</b>	335,174	<b>1,130,884</b>	335,174
<b>Other comprehensive income for the year, net of tax</b>		<b>95,616,609</b>	281,209,713	<b>17,110,243</b>	145,456,651
<b>Total comprehensive income/ (loss) for the year, net of tax</b>		<b>(91,298,956)</b>	(381,539,592)	<b>(625,023)</b>	(114,523,605)
<b>Total comprehensive income/ (loss) attributable to:</b>					
Equity holders of the parent		<b>(102,661,843)</b>	(334,765,366)	<b>(625,023)</b>	(114,523,605)
Non-controlling interests		<b>11,362,887</b>	(46,774,227)	-	-
		<b>(91,298,956)</b>	(381,539,592)	<b>(625,023)</b>	(114,523,605)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 61 through 116 form an integral part of these financial statements.



# Statement of Financial Position

As at 31 March	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	7,112,093,821	7,148,998,711	1,611,657,258	1,639,017,317
Investment properties	14	639,266,966	639,266,966	639,266,966	639,266,966
Right-of-use assets	15	172,210,875	174,236,883	172,210,875	174,236,883
Investment in associate	17	2,269,557,006	2,243,671,211	2,269,557,006	2,243,671,211
Investment in subsidiary	18	-	-	1,990,739,335	1,881,851,775
Other receivables - related parties	19	-	-	379,186,983	473,599,178
		10,193,128,668	10,206,173,771	7,062,618,423	7,051,643,330
<b>Current assets</b>					
Inventories	20	52,268,748	52,709,644	15,606,458	12,459,063
Trade and other receivables	19	306,010,764	253,660,966	178,303,682	68,235,981
Other current financial assets	21	13,350,100	8,394,420	13,350,100	8,394,420
Tax receivables		5,549,477	5,431,530	5,245,355	5,245,356
Advances and prepayments	22	29,097,422	16,719,843	6,748,738	8,100,461
Cash and Cash equivalents	23	165,392,824	60,592,385	105,533,104	12,115,199
		571,669,335	397,508,788	324,787,437	114,550,480
Total assets		10,764,798,003	10,603,682,559	7,387,405,860	7,166,193,810
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Stated capital	24	5,526,201,686	4,624,023,566	5,526,201,686	4,624,023,566
Revaluation reserve	25	2,270,084,996	2,208,273,420	665,056,417	646,902,677
Merger reserve	26	332,134,791	332,134,791	332,134,791	332,134,791
Accumulated Losses		(3,747,876,337)	(3,536,381,151)	(1,459,243,664)	(1,440,464,902)
<b>Equity attributable to owners of the company</b>		4,380,545,136	3,628,050,626	5,064,149,230	4,162,596,132
Non-controlling interests		942,342,235	266,490,557	-	-
<b>Total equity</b>		5,322,887,371	3,894,541,183	5,064,149,230	4,162,596,132
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	27	2,391,540,247	2,469,992,929	944,586,177	452,698,356
Retirement benefit obligation	28	33,797,247	30,597,868	23,103,497	20,375,080
Deferred tax liability	29	1,450,553,172	1,375,824,543	548,001,268	506,396,556
Other payables - related parties	30	325,430,109	694,632,020	325,430,109	694,632,020
		4,201,320,775	4,571,047,360	1,841,121,051	1,674,102,012

## Statement of Financial Position


As at 31 March	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
<b>Current liabilities</b>					
Trade and other payables	30	503,610,973	869,641,764	128,277,336	384,741,390
Interest bearing loans and borrowings	27	654,851,613	1,249,660,411	277,010,102	942,077,275
Contract liabilities	31	82,127,271	18,791,841	76,848,141	2,677,001
		1,240,589,857	2,138,094,016	482,135,579	1,329,495,666
Total equity and liabilities		10,764,798,003	10,603,682,559	7,387,405,860	7,166,193,810

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

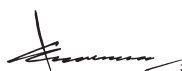


**Kaushika Ranasinghe**  
Group Head of Finance

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



**P.L.P. Withana**  
Independent Non-Executive Director



**P.C.B. Talwatte**  
Director/CEO

The accounting policies and notes on pages 61 through 116 form an integral part of these financial statements.

29 August 2025  
Colombo

# Statement of Changes in Equity

Group	Note	Attributable to Equity holders of the parent				Non-Controlling Interest		Total Equity
		Stated Capital	Revaluation Reserves*	Merger Reserves**	Retained Earnings	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01 April 2023</b>		4,624,023,566	1,949,850,679	332,134,791	(2,943,193,045)	3,962,815,991	313,264,783	4,276,080,773
Net loss for the year		-	-	-	(592,663,938)	(592,663,938)	(70,085,367)	(662,749,305)
<b>Other comprehensive income/(loss)</b>								
Revaluation of land, land improvements and building	13	-	771,549,504	-	-	771,549,504	117,137,667	888,687,171
Deferred tax effect on revaluation of land, land improvements and building	29	-	(513,845,475)	-	-	(513,845,475)	(93,683,650)	(607,529,125)
Actuarial loss on defined benefit plan	28	-	-	-	(200,900)	(200,900)	(204,110)	(405,010)
Deferred tax effect on defined benefit plan	29	-	-	-	60,270	60,270	61,233	121,503
Share of other comprehensive income of associate	17	-	718,712	-	(383,538)	335,174	-	335,174
Total other comprehensive income/(loss) net of tax		-	258,422,741	-	(524,168)	257,898,572	23,311,140	281,209,713
<b>Total comprehensive loss for the year, net of tax</b>		-	258,422,741	-	(593,188,106)	(334,765,366)	(46,774,227)	(381,539,592)
<b>Balance as at 31 March 2024</b>		4,624,023,566	2,208,273,420	332,134,791	(3,536,381,151)	3,628,050,625	266,490,557	3,894,541,183
<b>Balance as at 01 April 2024</b>		4,624,023,566	2,208,273,420	332,134,791	(3,536,381,151)	3,628,050,625	266,490,557	3,894,541,183
Issue of Ordinary Shares under Right Issue		902,178,120	-	-	-	902,178,120	-	902,178,120
Share Issued to Non Controlling Interest		-	-	-	-	-	116,473,810	116,473,810
Net loss for the year		-	-	-	(163,704,248)	(163,704,248)	(23,211,316)	(186,915,565)
<b>Other comprehensive income/(loss)</b>								
Revaluation of land, land improvements and building	13	-	86,686,703	-	-	86,686,703	49,083,301	135,770,004
Deferred tax effect on revaluation of land, land improvements and building	29	-	(26,006,011)	-	-	(26,006,011)	(14,724,990)	(40,731,002)
Actuarial loss on defined benefit plan	28	-	-	-	(1,098,815)	(1,098,815)	308,418	(790,397)
Deferred tax effect on defined benefit plan	29	-	-	-	329,644	329,644	(92,525)	237,119
Adjustment on changes to non-controlling interest in subsidiaries due to share disposals		-	-	-	(47,021,768)	(47,021,768)	548,014,979	500,993,211
Share of other comprehensive income of associate	17	-	1,130,884	-	-	1,130,884	-	1,130,884
<b>Total comprehensive loss for the year, net of tax</b>		-	61,811,576	-	(211,495,186)	752,494,509	675,851,677	1,428,346,186
<b>Balance as at 31 March 2025</b>		5,526,201,686	2,270,084,996	332,134,791	(3,747,876,337)	4,380,545,136	942,342,235	5,322,887,371

# Statement of Changes in Equity

Company	Note	Stated Capital Rs.	Revaluation Reserves* Rs.	Merger Reserves ** Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 01 April 2023</b>		4,624,023,566	501,611,028	332,134,791	(1,180,649,648)	4,277,119,739
Net loss for the year		-	-	-	(259,980,256)	(259,980,256)
<b>Other comprehensive income/(loss)</b>						
Revaluation of land, land improvements and building	13	-	206,532,767	-	-	206,532,767
Deferred tax effect on revaluation of land, land improvements and building	29	-	(61,959,830)	-	-	(61,959,830)
Actuarial loss on defined benefit plan	28	-	-	-	783,628	783,628
Deferred tax effect on defined benefit plan	29	-	-	-	(235,088)	(235,088)
Share of other comprehensive income of associate	17	-	718,712	-	(383,538)	335,174
Other comprehensive income, net of tax		-	145,291,649	-	165,002	145,456,652
<b>Total comprehensive loss for the year, net of tax</b>		-	145,291,649	-	(259,815,254)	(114,523,605)
<b>Balance as at 31 March 2024</b>		4,624,023,566	646,902,677	332,134,791	(1,440,464,902)	4,162,596,132
<b>Balance as at 01 April 2024</b>		4,624,023,566	646,902,677	332,134,791	(1,440,464,902)	4,162,596,132
Net loss for the year		-	-	-	(17,735,266)	(17,735,266)
<b>Other comprehensive income/(loss)</b>						
Revaluation of land, land improvements and building	13	-	24,318,367	-	-	24,318,367
Deferred tax effect on revaluation of land, land improvements and building	29	-	(7,295,511)	-	-	(7,295,511)
Actuarial loss on defined benefit plan	28	-	-	-	(1,490,710)	(1,490,710)
Deferred tax effect on defined benefit plan	29	-	-	-	447,213	447,213
Share of other comprehensive income of associate	17	-	1,130,884	-	-	1,130,884
Shares issued during the year	24	902,178,120	-	-	-	902,178,120
Other comprehensive income, net of tax		-	-	-	-	-
<b>Total comprehensive loss for the year, net of tax</b>		-	18,153,740	-	(18,778,762)	901,553,097
<b>Balance as at 31 March 2025</b>		5,526,201,686	665,056,417	332,134,791	(1,459,243,664)	5,064,149,230

The accounting policies and notes on pages 61 through 116 form an integral part of these financial statements.

# Statement of Cash Flows

Year ended 31 March	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
<b>Cash flows from/(used in) operating activities</b>					
Profit / (Loss) before income tax expense		(152,680,818)	(549,787,696)	17,021,147	(147,913,202)
<b>Adjustments for :</b>					
Depreciation of property, plant and equipment	13	191,735,465	200,376,405	42,979,181	44,271,600
Amortisation of intangible assets	16	-	167,648	-	167,648
Provision for defined benefit plans	28	7,468,901	9,593,317	4,265,216	5,804,579
Depreciation of right-of-use assets	15	2,026,008	2,026,008	2,026,008	2,026,008
Finance income	7.1	(8,724,159)	(4,286,532)	(39,568,783)	(36,096,438)
Finance cost	7.2	395,439,841	623,688,644	184,535,126	304,531,553
Dividend income	7.1	(538,262)	(307,913)	(538,262)	(307,913)
(Gain) / loss on financial assets at fair value	7	(4,955,680)	(2,477,120)	(4,955,680)	(2,477,120)
Gain on disposal of subsidiary's shares	6	(48,066,175)	-	(48,066,175)	-
Gain on disposal of property, plant & equipment	6	(27,008,562)	-	(27,008,562)	-
Impairment of trade receivables	8	4,789,957	250,000	5,136,014	250,000
Share of profits from investment in associate	17	(24,754,911)	(72,312,263)	(24,754,911)	(72,312,263)
<b>Operating profit/ (loss) before working capital changes</b>		<b>334,731,605</b>	<b>206,930,498</b>	<b>111,070,319</b>	<b>97,944,451</b>
(Increase)/ decrease in inventories		440,896	(8,371,714)	(3,147,395)	426,058
(Increase)/ decrease in trade and other receivables		(57,257,704)	(80,643,384)	(115,203,714)	100,287,328
(Increase)/ decrease in advances and prepayments		(12,377,579)	10,908,378	1,351,723	(3,657,804)
Increase/ (decrease) in contract liabilities		63,335,430	(115,127,100)	74,171,140	(116,195,259)
Increase/ (decrease) in trade and other payables		(333,417,735)	90,033,956	(256,464,052)	35,098,949
<b>Cash generated from/(used in) operations</b>		<b>(4,545,087)</b>	<b>103,730,633</b>	<b>(188,221,979)</b>	<b>113,903,722</b>
Finance cost paid		(395,439,841)	(576,201,431)	(184,535,126)	(257,044,340)
Tax paid		-	(1,176,175)	-	(940,463)
Defined benefit plan cost paid	28	(5,059,919)	(7,969,950)	(3,027,509)	(3,417,069)
<b>Net cash flow from/(used in) operating activities</b>		<b>(405,044,847)</b>	<b>(481,616,923)</b>	<b>(375,784,514)</b>	<b>(147,498,151)</b>

# Statement of Cashflows

Year ended 31 March	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
<b>Cash flows from/(used in) investing activities</b>					
Acquisition of property, plant and equipment	13	(14,902,064)	(54,929,068)	(2,595,372)	(18,636,174)
Proceeds from sale of shares		500,993,211	-	500,993,211	-
Investment in Subsidiary		-	-	(561,814,596)	-
Net financed to related parties		-	-	94,412,195	-
Finance income received		8,724,159	2,438,527	39,568,783	106,206
Proceed from disposal of property plant and equipment		38,303,180	-	38,303,180	-
Dividend income received		538,262	307,913	538,262	307,913
<b>Net cash flow from/(used in) investing activities</b>		<b>533,656,748</b>	<b>(52,182,629)</b>	<b>109,405,662</b>	<b>(18,222,056)</b>
<b>Cash flows from/ (used in) financing activities</b>					
Proceeds from Interest bearing loans and borrowings	27	331,810,938	-	331,810,938	-
Repayment of interest bearing loans and borrowings	27	(862,085,953)	(116,696,834)	(367,680,947)	(97,516,334)
Proceeds from issue of shares		1,018,651,930	-	902,178,120	-
Net financed to related parties	30	(369,201,911)	676,889,520	(369,201,911)	274,570,276
<b>Net cash flows from/(used in) financing activities</b>		<b>119,175,004</b>	<b>560,192,686</b>	<b>497,106,200</b>	<b>177,053,942</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>247,786,905</b>	<b>26,393,135</b>	<b>230,727,248</b>	<b>11,333,735</b>
Cash and cash equivalents at the beginning of the year		(303,536,377)	(329,929,512)	(207,084,929)	(218,418,664)
<b>Cash and cash equivalents at the end of the year (note A)</b>		<b>(55,749,472)</b>	<b>(303,536,377)</b>	<b>23,642,319</b>	<b>(207,084,929)</b>
<b>Note A</b>					
<b>Analysis of cash and cash equivalents</b>					
Cash in hand and cash at bank	23	134,027,427	31,326,946	105,533,104	12,115,199
Short term deposits with original maturity less than three months	23	31,365,397	29,265,439	-	-
Bank overdrafts	27	(221,142,296)	(364,128,762)	(81,890,785)	(219,200,128)
<b>Total cash and cash equivalents</b>		<b>(55,749,472)</b>	<b>(303,536,377)</b>	<b>23,642,319</b>	<b>(207,084,929)</b>

The accounting policies and notes on pages 61 through 116 form an integral part of these financial statements.

# Notes to the Financial Statement

## 1. CORPORATE INFORMATION

Hikkaduwa Beach Resort 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 and the Group is located at No. 56/1, Kynsey Road, Colombo 8.

### 1.1 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

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

### 1.2. PARENT ENTITY AND ULTIMATE PARENT ENTITY

In the opinion of the Directors, the immediate parent of Hikkaduwa Beach Resort PLC is Citrus Leisure PLC and ultimate parent is George Steuart & Company Ltd, which is incorporated in Sri Lanka.

### 1.3. DATE OF AUTHORISATION FOR ISSUE

The consolidated financial statements of the Hikkaduwa Beach Resort PLC and its subsidiary (collectively, the Group) for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the directors on 29 August 2025.

## 2. BASIS OF PREPARATION AND OTHER MATERIAL ACCOUNTING POLICIES

### 2.1 STATEMENT OF COMPLIANCE

The financial statements which comprise the statement of profit or loss, statement of comprehensive income, statement of financial position, as at 31 March 2025 statement of changes in equity and the statement of cash flows for the year then ended together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with 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 recognised 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 recognised 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 Lankan rupees (Rs.) and values are rounded to the nearest whole number value, except when otherwise indicated.

#### Comparative Information

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

#### 2.1.1 The Business Operations of the Group and Going Concern

##### a) Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2025, 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 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.

## 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as for the year ended 31 March 2025.

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

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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



# Notes to the Financial Statement

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

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 subsidiary is 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 recognised in profit or loss. Any investment retained is recognised at fair value.

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

Subsidiary	Effective Holding		Principal Activities
	2025	2024	
Waskaduwa Beach Resort PLC	55.96%	82.83%	Provision of food and beverage, lodging, other hospitality industry related activities.

The Financial Statements of the subsidiary are prepared in compliance with the Group's accounting policies.

## 2.2.2 Investment in Associate

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.

Associate	Effective Holding		Principal Activities
	2025	2024	
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 significant accounting policies

### a) Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

### b) Current versus non-current classification

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

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

or

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

All other assets are classified as non-current.

A liability is current when:

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

or

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

The Group classifies all other liabilities as non-current.

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

### c) Fair value measurement

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

# Notes to the Financial Statement

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	Note 13.3.1
Quantitative disclosures of fair value measurement hierarchy	Note 12
Investment in quoted equity shares	Notes 12 and 21.1
Property, plant and equipment under revaluation model	Note 13
Investment properties	Note 14
Financial Instruments (Including those carried at amortised cost)	Note 11

## **d) Revenue**

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

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

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

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

### **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 recognises 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 subsidiary, 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 subsidiary, 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 utilised.

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.

# Notes to the Financial Statement

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

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

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 transaction which has no tax consequences. No temporary difference arises on the equity accounted investees and no deferred tax is provided.

## Sales tax

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

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

## f) Foreign currencies

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

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

## g) Cash dividend

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

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued 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
Furniture and fittings	6 Years
Entertainment equipment	4 Years
Office equipment	6 Years
Machinery and other equipment	10 Years
Electrical fittings and equipment	10 Years
Furnishing and linen	3 Years
Kitchen utensils and other equipment	10 Years
Air condition system	13-15 Years
Gardening and landscaping	5 - 6 Years
Crockery, cutlery and glassware	3 Years
Sundry Equipment / Generator & Transformers / Motor Vehicles	4 -15 Years
Computers and hardware	3 Years

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

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

#### Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses if any. These would be transferred to 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) 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.

#### j) 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.

#### k) Intangible assets

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

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

The useful life of intangible assets are as follows;

Computer Software Over 4 Years  
Website Development Over 4 Years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation

# Notes to the Financial Statement

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.

## l) Financial instruments – initial recognition and subsequent measurement

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

### i. Financial assets

#### Initial recognition and measurement

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

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

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

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

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

#### Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

and

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

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

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

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

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

The classification is determined on an instrument-by-instrument basis.

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

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

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

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

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

and

- The contractual terms of the financial asset give rise on specified dates to cash

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

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

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

Financial assets at fair value through profit or loss include financial assets held



for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

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

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

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

### Derecognition

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

- The rights to receive cash flows from the asset have expired
- or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay

the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

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

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

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

### Impairment of financial assets

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

- |   |         |
|---|---------|
| • Disclosures for significant assumptions | Note 04 |
| • Financial assets                        | Note 11 |
| • Trade receivables                       | Note 19 |

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

For trade receivables, the Group applies a simplified approach in calculating ECLs.

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

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

### ii) Financial liabilities

#### Initial recognition and measurement

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

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

# Notes to the Financial Statement

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 recognised 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
Housekeeping 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) Non-financial assets

#### i) 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.

#### ii) Calculation of recoverable amount

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

### iii) 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 cash equivalents

Cash and cash equivalents 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 recognised in the Statement of Profit or Loss while any actuarial gains or losses arising are recognised 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 retirement benefit obligations are given in note 28. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

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

## Short-term Benefits

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

## s) Leases

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

### Group as a lessee

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

## i) Right-of-use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease 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, and 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	99 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

# Notes to the Financial Statement

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. EFFECT OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE:

The following Sri Lanka Accounting Standards and interpretations have been issued by the Institute of Chartered Accountants of Sri Lanka which are not yet effective as at 31st March 2025.

- Lack of Exchangeability – Amendments to LKAS 21.

The Group will not be significantly affected by these amendments as at the reporting date. Further, the amended standards and interpretations are not expected to have a significant impact on Group's Financial Statements.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

- Capital management Note 36
- Financial instruments risk management and policies Note 35
- Sensitivity analyses Notes 28.3 and 35.3.1 and 35.3.2 disclosures

## 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 retirement 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 retirement benefit obligations are provided in Note 28.

## Provision for expected credit losses of trade receivables

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

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

## Recoverability of Deferred Tax Assets

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

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

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under each contract as one performance obligation. The revenue is accounted based on the output method.

Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue.

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

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

The Group measures freehold land and buildings at fair value with changes in fair value being recognised 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 summarised in the Note 12 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 17)
- Cash Generating Units (CGU) of the Group (Note 13.6)
- Investments in Subsidiaries (Note 18)

# Notes to the Financial Statement

## 5 REVENUE

### 5.1 Revenue From Contracts With Customers

Year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Hotel Income ( Note 5.1.1 )	<b>1,816,868,919</b>	1,654,360,236	<b>596,721,807</b>	563,225,991
<b>5.1.1 Segmentation of revenue</b>				
Room revenue	<b>1,023,658,484</b>	867,169,474	<b>391,376,212</b>	340,303,202
Food revenue	<b>475,557,472</b>	466,288,787	<b>145,010,495</b>	149,397,270
Beverage revenue	<b>106,021,667</b>	120,774,491	<b>41,622,776</b>	49,133,256
Banquet revenue	<b>198,592,978</b>	190,110,885	<b>13,284,548</b>	20,152,663
Laundry income	<b>1,082,350</b>	1,645,387	<b>520,355</b>	785,745
Ayurvedic spa income	<b>11,955,968</b>	8,371,212	<b>4,907,421</b>	3,453,855
	<b>1,816,868,919</b>	1,654,360,236	<b>596,721,807</b>	563,225,991
<b>5.1.2 Timing of revenue recognition</b>				
Service transferred at a over time	<b>1,023,658,484</b>	867,169,474	<b>391,376,212</b>	340,303,202
Service transferred at a point in time	<b>793,210,435</b>	787,190,762	<b>205,345,595</b>	222,922,789
	<b>1,816,868,919</b>	1,654,360,236	<b>596,721,807</b>	563,225,991

## 6 OTHER INCOME AND GAINS

Year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Swimming pool income	<b>346,764</b>	289,660	<b>346,764</b>	289,660
Gain on foreign currency encashment	<b>64,500</b>	125,683	<b>64,500</b>	125,683
Other sundry income	<b>4,108,745</b>	6,890,002	<b>1,667,924</b>	4,511,708
Shop rent income	<b>1,137,236</b>	1,225,176	<b>769,237</b>	900,476
Gain on disposal of property plant & equipment	<b>27,008,562</b>	-	<b>27,008,562</b>	-
Gain on disposal of shares	<b>48,066,175</b>	-	<b>48,066,175</b>	-
	<b>80,731,982</b>	8,530,521	<b>77,923,162</b>	5,827,527

## 7 FINANCE COSTS AND INCOME

Year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>7.1 Finance Income</b>				
Interest income on fixed deposits and savings accounts	<b>7,024,159</b>	2,586,532	<b>4,688,085</b>	106,206
Fair value gain on financial assets at fair value through profit or loss	<b>4,955,680</b>	2,477,120	<b>4,955,680</b>	2,477,120
Mortgage fee income	<b>1,700,000</b>	1,700,000	<b>2,200,000</b>	2,200,000
Dividend income	<b>538,262</b>	307,913	<b>538,262</b>	307,913
Interest on related party receivables	<b>-</b>	-	<b>32,680,698</b>	33,790,232
	<b>14,218,101</b>	7,071,565	<b>45,062,725</b>	38,881,471

Year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>7.2 Finance Cost</b>				
Interest expense on overdrafts	21,858,771	68,935,212	6,889,637	45,644,495
Interest expenses on bank loans	331,827,271	507,911,592	136,084,774	212,045,218
Interest on related party payables	41,753,799	46,841,840	41,560,715	46,841,840
	395,439,841	623,688,644	184,535,126	304,531,553

## 8 LOSS BEFORE TAX

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

Year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Employees benefits including the following				
- Salaries and wages	191,390,269	166,081,996	78,237,939	64,548,031
- Defined benefit plan costs - gratuity	7,468,901	9,593,317	4,265,216	5,804,579
- Defined contribution plan costs - EPF and ETF	28,453,731	24,904,043	11,506,792	9,680,625
Director Emoluments	1,873,778	-	884,889	-
Auditors' remuneration				
- Statutory audit fee	1,810,000	1,407,150	1,040,000	900,000
- Non audit fee	2,862,398	291,320	1,106,148	180,000
Depreciation of property, plant and equipment	191,735,465	200,376,405	42,979,181	44,271,600
Amortisation of intangible assets	-	167,648	-	167,648
Depreciation of right-of-use assets	2,026,008	2,026,008	2,026,008	2,026,008
Impairment of trade receivables	4,789,957	250,000	5,136,014	250,000
Donations	-	10,000	-	10,000
Business promotion and advertising costs	24,320,415	21,201,987	7,257,660	9,686,052

## 9 TAX EXPENSE

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

Year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Deferred Income tax</b>				
Deferred taxation charge (9.4)	34,234,747	112,961,610	34,756,413	112,067,055
<b>Income tax expense reported in the statement of profit or loss</b>	<b>34,234,747</b>	<b>112,961,610</b>	<b>34,756,413</b>	<b>112,067,055</b>

# Notes to the Financial Statement

## 9 TAX EXPENSE (Contd.)

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

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Accounting profit / (loss) before income tax	(152,680,818)	(549,787,696)	17,021,147	(147,913,202)
Share of profit of associate	(24,754,911)	(72,312,263)	(24,754,911)	(72,312,264)
	(177,435,729)	(622,099,959)	(7,733,764)	(220,225,465)
Less: Aggregate allowable items	(55,531,403)	(317,962,103)	(32,293,493)	(36,152,097)
Add: Aggregate disallowed items	237,247,567	235,526,432	79,864,462	69,993,778
Less: Non business income	(90,509,293)	(38,884,676)	(88,173,219)	(36,404,351)
Less: Non-taxable income	(33,596,798)	(6,930,957)	(31,964,242)	(6,227,763)
Business loss	(119,825,656)	(750,351,263)	(80,300,256)	(229,015,898)

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Other sources of income				
Interest income	42,443,118	38,565,982	40,107,044	36,085,657
Interest income exempt from tax	(633,944)	(38,565,982)	(633,944)	(36,085,657)
Total statutory income	41,809,174	-	39,473,100	-
Tax losses deducted against other sources of income	(41,809,174)	-	(39,473,100)	-
Assessable income	-	-	-	-

## 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 of 30% (2023/24 :30%) in terms of Inland 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 to 2028/2029.

### (ii) Other income and gains

Income from other sources are taxed at the rate of 30%.

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 TAX EXPENSE (Contd.)

### 9.4 Deferred tax expense

Year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Deferred tax arising from</b>				
- Accelerated depreciation for tax purposes	37,392,703	113,857,181	37,562,985	112,858,308
- Retirement benefit obligation	(1,617,122)	(820,571)	(1,265,738)	(716,253)
- Impairment of trade debtors	(1,540,834)	(75,000)	(1,540,834)	(75,000)
<b>Total deferred tax charge</b>	<b>34,234,747</b>	<b>112,961,610</b>	<b>34,756,413</b>	<b>112,067,055</b>

## 10 BASIC 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 company issued rights shares during the year at a price below market value, which included a bonus element. Accordingly, the EPS and number of shares for the prior year has been restated in accordance with LKAS 33 to reflect the bonus adjustment

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

As at 31 March	Group		Company	
	2025	Adjusted 2024	2025	Adjusted 2024
	Rs.	Rs.	Rs.	Rs.
<b>Amounts used as the numerator :</b>				
Net loss for the year attributable to the owners of the parent	(163,704,248)	(592,663,938)	(17,735,266)	(259,980,257)
<b>Amounts used as the denominator :</b>				
Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share	524,911,108	329,634,459	524,911,108	329,634,459
<b>Basic loss per share (Rs.)</b>	<b>(0.31)</b>	<b>(1.8)</b>	<b>(0.03)</b>	<b>(0.79)</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 and liabilities by categories -Group

As at 31 March	2025		2024	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
	Rs.	Rs.	Rs.	Rs.
<b>Financial assets</b>				
Other current financial assets				
- Listed equity investments (Note 21)	13,350,100	-	8,394,420	-
- Investments in short term bank deposits (Note 23)	-	31,365,397	-	29,265,439
Trade and other receivables (Note 19)	-	306,010,764	-	253,660,966
<b>Total financial assets</b>	<b>13,350,100</b>	<b>337,376,161</b>	<b>8,394,420</b>	<b>282,926,405</b>

# Notes to the Financial Statement

## 11 FINANCIAL INSTRUMENTS (Contd.)

As at 31 March	2025		2024	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
	Rs.	Rs.	Rs.	Rs.
<b>Financial liabilities</b>				
Interest Bearing Loans and Borrowings (Note 27)	-	3,046,391,860	-	3,719,653,340
Trade and other payables (Note 30)	-	503,610,973	-	869,641,764
Other payables - related parties (Note 30)	-	325,430,109	-	694,632,020
<b>Total financial liabilities</b>	-	3,875,432,942	-	5,283,927,124

### b) Financial assets and liabilities by categories - Company

As at 31 March	2025		2024	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
	Rs.	Rs.	Rs.	Rs.
<b>Financial assets</b>				
Other current financial assets				
- Listed equity investments (Note 21)	13,350,100	-	8,394,420	-
Trade and other receivables (Note 19)	-	178,303,682	-	68,235,981
Other receivable - related parties (Note 19)	-	379,186,983	-	473,599,178
<b>Total financial assets</b>	13,350,100	557,490,665	8,394,420	541,835,159

As at 31 March	2025		2024	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
	Rs.	Rs.	Rs.	Rs.
<b>Financial liabilities</b>				
Interest Bearing Loans and Borrowings (Note 27)	-	1,221,596,279	-	1,394,775,631
Trade and other payables (Note 30)	-	128,277,336	-	384,741,390
Other payables - related parties (Note 30)	-	325,430,109	-	694,632,020
<b>Total financial liabilities</b>	-	1,675,303,724	-	2,474,149,041

#### 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 its fair value

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

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale



## 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 2024 and 2025:

Assets measured at fair value:	Note	Date of valuation	Total	Fair value measurement using		
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
				Rs.	Rs.	Rs.
As at 31 March 2025						
Non-financial assets						
Property, plant and equipment						
Land	(Note 13)	31 March 2025	1,985,345,000	-	-	1,985,345,000
- Buildings	(Note 13)	31 March 2025	4,955,115,319	-	-	4,955,115,319
Investment properties						
- Land	(Note 14)	31 March 2025	633,900,700	-	-	633,900,700
- Buildings	(Note 14)	31 March 2025	5,366,266	-	-	5,366,266
Non financial assets as at 31 March 2025			7,579,727,285	-	-	7,579,727,285
Financial assets						
Equity instruments designated at fair value through profit or loss						
Quoted equity shares	(Note 21)	31 March 2025	13,350,100	13,350,100	-	-
Financial assets as at 31 March 2025			13,350,100	13,350,100	-	-
As at 31 March 2024						
Non-financial assets						
Property, plant and equipment						
Land	(Note 13)	31 March 2024	1,985,345,000	-	-	1,985,345,000
- Buildings	(Note 13)	31 March 2024	4,955,043,184	-	-	4,955,043,184
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			7,579,655,150	-	-	7,579,655,150
Financial assets						
Equity instruments designated at fair value through profit or loss						
Quoted equity shares	(Note 21)	31 March 2024	8,394,420	8,394,420	-	-
Financial assets as at 31 March 2024			8,394,420	8,394,420	-	-

## Notes to the Financial Statement

### 13 PROPERTY, PLANT AND EQUIPMENT

#### 13.1 Group

##### 13.1.1 Gross carrying amounts

	Balance as at 01.04.2024	Additions / Transfers in	Disposals	Revaluations	Not Transfers on revaluations	Balance as at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>At cost or valuation</b>						
Freehold Land & Land Improvements	1,985,345,000	-	-	-	-	1,985,345,000
Buildings	4,955,043,184	72,135	-	135,770,004	(135,770,004)	4,955,115,319
Furniture and Fittings	255,802,914	1,891,339	-	-	-	257,694,253
Plant & Machinery	137,812,727	708,300	-	-	-	138,521,027
Office Equipment	4,837,098	569,533	-	-	-	5,406,631
Computer equipment	21,129,096	1,394,324	-	-	-	22,523,420
Sundry Equipment / Generator & Transformers / Motor Vehicles	96,570,808	415,354	-	-	-	96,986,162
Linen and Furnishing	89,459,388	6,305,746	-	-	-	95,765,134
Kitchen Utensils and Other Equipment	153,575,649	559,180	-	-	-	154,134,829
Air Condition Systems	251,359,284	-	-	-	-	251,359,284
Gardening & Other Equipment	15,222,537	7,700	-	-	-	15,230,237
Electrical Fitting	128,839,703	1,785,322	-	-	-	130,625,025
Cutlery Crockery & Glassware	13,580,203	993,231	-	-	-	14,573,434
Entertainment and Security Equipment	76,519,284	324,812	-	-	-	76,844,096
	8,185,096,875	15,026,976	-	135,770,004	(135,770,004)	8,200,123,851

### 13.1.2 Depreciation

	Balance As at 01.04.2024	Charge for the year	Disposals	Not Transfers on revaluations	Balance As at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>At cost or valuation</b>					
Buildings	-	135,770,004	-	(135,770,004)	-
Furniture and Fittings	246,714,328	3,918,850	-	-	250,633,178
Plant & Machinery	128,093,595	3,642,807	-	-	131,736,402
Office Equipment	2,715,743	431,824	-	-	3,147,567
Computer equipment	19,858,819	978,446	-	-	20,837,265
Sundry Equipment / Generator & Transformers / Motor Vehicles	63,964,318	2,933,956	-	-	66,898,274
Linen and Furnishing	77,839,879	7,136,154	-	-	84,976,033
Kitchen Utensils and Other Equipment	138,504,069	5,074,254	-	-	143,578,323
Air Condition Systems	173,735,242	16,410,714	-	-	190,145,956
Gardening & Other Equipment	1,231,618	736,373	-	-	1,967,991
Electrical Fittings	105,943,496	4,891,127	-	-	110,834,623
Cutlery Crockery & Glassware	9,948,768	1,462,523	-	-	11,411,291
Entertainment and Security Equipment	67,548,289	4,314,838	-	-	71,863,127
	1,036,098,164	187,701,870	-	(135,770,004)	1,088,030,030

# Notes to the Financial Statement

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

### 13.1.3 Net book values

	2025	2024
	Rs.	Rs.
<b>At cost or valuation</b>		
Freehold Land & Land Improvements	1,985,345,000	1,985,345,000
Buildings	4,955,115,319	4,955,043,184
Furniture and Fittings	7,061,075	9,088,586
Plant & Machinery	6,784,625	9,719,133
Office Equipment	2,259,064	2,121,355
Computer equipment	1,686,155	1,270,277
Sundry Equipment / Generator & Transformers / Motor Vehicles	30,087,888	32,606,489
Linen and Furnishing	10,789,101	11,619,508
Kitchen Utensils and Other Equipment	10,556,506	15,071,579
Air Condition Systems	61,213,328	77,624,042
Gardening & Other Equipment	13,262,246	13,990,919
Electrical Fittings	19,790,402	22,896,207
Cutlery Crockery & Glassware	3,162,143	3,631,436
Entertainment and Security Equipment	4,980,969	8,970,995
	7,112,093,821	7,148,998,711
		-
Total carrying amount of property, plant and equipment	7,112,093,821	7,148,998,711

**13.1.4** During the financial year, the Group acquired property, plant and equipment for a value of Rs.15,026,976/- and cash paid for an aggregate value of Rs.14,902,064/- (2024 - Rs. 54,929,068/-)

**13.1.5** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 819,063,032/- (2024: Rs. 468,453,831/-), that consisted of individually insignificant items.

## 13.2 Company

### 13.2.1 Gross Carrying Amounts

	Balance as at 01.04.2024 Rs.	Additions / Transfers in Rs.	Disposals Rs.	Revaluations Rs.	Adjustment on revaluations Rs.	Balance as at 31.03.2025 Rs.
<b>At cost or valuation</b>						
Freehold Land & Land Improvements	574,965,000	-	-	-	-	<b>574,965,000</b>
Buildings	982,624,373	72,135	-	24,318,367	(24,318,367)	<b>982,696,508</b>
Furniture and Fittings	59,416,135	875,000	-	-	-	<b>60,291,135</b>
Plant & Machinery	885,272	-	-	-	-	<b>885,272</b>
Office Equipment	4,837,098	569,533	-	-	-	<b>5,406,631</b>
Sundry Equipment / Generator & Transformers / Motor Vehicles	61,288,869	32,500	(20,224,322)	-	-	<b>41,097,048</b>
Linen and Furnishing	21,177,179	-	-	-	-	<b>21,177,179</b>
Kitchen Utensils and Other Equipment	24,811,325	116,363	-	-	-	<b>24,927,688</b>
Air Condition Systems	64,263,057	-	-	-	-	<b>64,263,057</b>
Gardening & Other Equipment	15,222,537	7,700	-	-	-	<b>15,230,237</b>
Electrical Fittings	45,547,471	672,950	-	-	-	<b>46,220,421</b>
Cutlery Crockery & Glassware	3,654,771	249,191	-	-	-	<b>3,903,962</b>
Entertainment & Security Equipment	4,704,683	-	-	-	-	<b>4,704,683</b>
	<b>1,863,397,770</b>	<b>2,595,372</b>	<b>(20,224,322)</b>	<b>24,318,367</b>	<b>(24,318,367)</b>	<b>1,845,768,821</b>

# Notes to the Financial Statement

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

### 13.2.2 Depreciation

	Balance as at 01.04.2024 Rs.	Charge for the year Rs.	Disposals Rs.	Adjustment on revaluations Rs.	Balance as at 31.03.2025 Rs.
At cost or valuation					
Buildings	-	24,318,367	-	(24,318,367)	-
Furniture & Fittings	52,770,842	2,821,138	-	-	55,591,980
Plant & Machinery	885,272	-	-	-	885,272
Office Equipment	2,715,744	431,824	-	-	3,147,568
Sundry Equipment / Generator & Transformers / Motor Vehicles	42,765,564	3,254,565	(8,929,704)	-	37,090,425
Linen and Furnishing	15,170,809	2,871,128	-	-	18,041,937
Kitchen Utensils and Other Equipment	16,332,015	1,380,780	-	-	17,712,795
Air Condition Systems	55,832,308	3,937,632	-	-	59,769,940
Gardening & Other Equipment	1,231,618	736,373	-	-	1,967,991
Electrical Fitting	31,281,310	2,147,756	-	-	33,429,066
Cutlery Crockery & Glassware	1,507,339	753,000	-	-	2,260,339
Entertainment & Security Equipment	3,887,632	326,618	-	-	4,214,250
<b>Total Depreciation</b>	<b>224,380,453</b>	<b>42,979,181</b>	<b>(8,929,704)</b>	<b>(24,318,367)</b>	<b>234,111,563</b>

### 13.2.3 Net book values

	2025	2024
	Rs.	Rs.
<b>At cost or valuation</b>		
Freehold Land & Land Improvements	574,965,000	574,965,000
Buildings	982,696,508	982,624,373
Furniture & Fittings	4,699,155	6,645,293
Office Equipment	2,259,063	2,121,354
Sundry Equipment / Generator & Transformers / Motor Vehicles	4,006,623	18,523,305
Linen and Furnishing	3,135,242	6,006,370
Kitchen Utensils and Other Equipment	7,214,893	8,479,310
Air Condition Systems	4,493,117	8,430,749
Gardening & Other Equipment	13,262,246	13,990,919
Electrical Fitting	12,791,355	14,266,161
Cutlery Crockery & Glassware	1,643,623	2,147,432
Entertainment & Security Equipment	490,433	817,051
	<b>1,611,657,258</b>	1,639,017,317
<b>Total carrying amount of property, plant and equipment</b>	<b>1,611,657,258</b>	1,639,017,317

**13.2.4** During the financial year, the company acquired property, plant and equipment for cash to the aggregate value of Rs. 2,595,372/- (2024- Rs.18,636,174/-).

**13.2.5** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 178,798,365/- (2024: Rs. 110,241,844/-) , that consisted of individually insignificant items.

# Notes to the Financial Statement

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

### 13.3 Revaluation of land, land improvements

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 2025. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 March 2025. 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 Company /Group has been categorised 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
Land and Land Improvement	Open market value method 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 2025	Price per perch of land Rs. 1,650,000/-	Estimated fair value would increase/ (decrease) if :- Price per perch increases/ (decreases)
Buildings	Depreciated replacement cost This method estimates the amount required to replace the asset with a comparable new asset, adjusted for accumulated depreciation to reflect physical deterioration, functional obsolescence, and economic factors. This approach provides a fair value estimate by considering the asset's remaining useful life, current condition, and prevailing market conditions, in line with SLFRS valuation principles	31 March 2025	Rate per square feet of building Rs: 9,746 - Rs: 17,500	Estimated fair value would increase/ (decrease) if :- Rate per square feet increases/ (decreases)

### 13.4 Value and ownership of freehold land and freehold buildings of the Group.

Group	Location	Property	No. of Buildings	Ownership	Extent	Carrying value Rs.
Hikkaduwa Beach Resort PLC	No. 400, Galle Road, Hikkaduwa.	Land	-	Freehold	312.10 Perches	514,965,000
		Landscaping, Gardening	-	Freehold	-	60,000,000
		Building	01	Freehold	80,700 Sq. ft	982,696,508
Waskaduwa Beach Resort PLC	No. 427. Kuda Waskaduwa, Waskaduwa.	Land	-	Freehold	1,377.98 Perches	1,377,980,000
		Landscaping, Gardening	-	Freehold	-	32,400,000
		Building	04	Freehold	263,740 Sq. ft	3,972,418,811

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

	Cost	Cumulative depreciation if assets were carried at cost	Net carrying amount	Net carrying amount
	Rs.	Rs.	2025 Rs.	2024 Rs.
<b>Class of assets</b>				
Lands	869,823,714	-	869,823,714	869,823,714
Buildings	3,259,778,066	(831,562,386)	2,428,215,680	2,669,759,971
	4,129,601,780	(831,562,386)	3,298,039,394	3,539,583,685



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

Hotel properties were identified as separate CGUs by the group for purposes of assessing impairment. The impairment test was carried out for the Group's Hotel properties in subsidiaries considering their fair value less cost to sell and value in use. In determining the recoverable value for the CGU, following assumptions were applied. The recoverable amount of the CGU was higher than the book value as of 31 March 2025, and no impairment loss was recognised.

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

	2025	2024
Discount Rate :	15.13%	14.31%
Terminal Growth Rate :	4.00%	3.00%
Price per perch of land	Rs. 1,650,000	Rs. 1,650,000
Rate per square feet of building	Rs: 9,746 - Rs: 17,500	Rs: 9,746 - Rs: 17,500

## 14 INVESTMENT PROPERTY

	Group		Company	
As at 31 March	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Carrying value</b>				
At the beginning of the year	639,266,966	639,266,966	639,266,966	639,266,966
Change in fair value during the year	-	-	-	-
At the end of the year	639,266,966	639,266,966	639,266,966	639,266,966

The details relating to assets were classified as Investment properties as at 31 March are stated below;

	Group		Company	
As at 31 March	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>				
Land	633,900,700	633,900,700	633,900,700	633,900,700
Buildings	5,366,266	5,366,266	5,366,266	5,366,266
	639,266,966	639,266,966	639,266,966	639,266,966

### Valuation Details Of Investment Property

Fair value of the investment property is ascertained 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 Statement

## 14 INVESTMENT PROPERTY (Contd.)

Description of valuation techniques used to valuation on investment properties:

Property	Location	Method of valuation	Significant unobservable inputs	Price per perch/acre/ range	Effective date of valuation	Value Rs
Land	Munaithottam, Pasikudah, Kalkudah.	Open market value method	1717.86 Perches 283.55 Perches	Rs. 220,000/- a perch Rs.80,000/- a perch	31 March 2025	377,929,200 22,684,000
Land	Kajuwatta Road, Mukkuthoduwwa, Madurankuliya	Open market value method	38.325 Acres 5 Acres	Rs.5,500,000 an acre Rs.4,500,000 an acre	31 March 2025	210,787,500 22,500,000
Building	Kajuwatta Road, Mukkuthoduwwa, Madurankuliya	Depreciated replacement cost method				5,366,266

## 15 RIGHT-OF-USE ASSETS

### 15.1 Group

	Land and buildings	
	Total 2025	Total 2024
	Rs.	Rs.
<b>Cost</b>		
As at 1 April	184,366,923	184,366,923
New Lease entered during the year	-	-
As at 31 March	184,366,923	184,366,923
<b>Accumulated depreciation</b>		
As at 1 April	10,130,040	8,104,032
Depreciation charge for the year	2,026,008	2,026,008
As at 31 March	12,156,048	10,130,040
<b>Carrying value</b>	<b>172,210,875</b>	174,236,883

### 15.2 Company

	Land and buildings	
	Total 2025	Total 2024
	Rs.	Rs.
<b>Cost</b>		
As at 1 April	184,366,923	184,366,923
New Lease entered during the year	-	-
As at 31 March	184,366,923	184,366,923
<b>Accumulated depreciation</b>		
As at 1 April	10,130,040	8,104,032
Depreciation charge for the year	2,026,008	2,026,008
As at 31 March	12,156,048	10,130,040
<b>Carrying value</b>	<b>172,210,875</b>	174,236,883

The above balances represents the leasehold right obtained from Asia Sports Management (Private) Limited for a period of 99 years by Citrus Leisure PLC and Sub lease of the property to Hikkaduwa Beach Resort PLC.

Details of the said land is given below:

Property : Sanathoduwa, Kalpitiya, Puttalam  
Land Extent (In Perches) : 5,680  
Lease Period : 99 Years from 14 February 2011

## 16 INTANGIBLE ASSETS

### 16.1 Group

	Website Development Cost	Computer Software	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>				
At the beginning of the year	1,067,583	2,796,027	3,863,610	3,863,610
Acquisitions during the year	-	-	-	-
At the end of the year	1,067,583	2,796,027	3,863,610	3,863,610
<b>Amortization</b>				
At the beginning of the year	1,067,583	2,796,027	3,863,610	3,695,962
Amortization for the year	-	-	-	167,648
At the end of the year	1,067,583	2,796,027	3,863,610	3,863,610
<b>Carrying amount</b>	-	-	-	-

### 16.2 Company

	Computer software	
	2025	2024
	Rs.	Rs.
<b>Cost</b>		
At the beginning of the year	1,552,937	1,552,937
Acquisitions during the year	-	-
At the end of the year	1,552,937	1,552,937
<b>Amortisation</b>		
At the beginning of the year	1,552,937	1,385,290
Amortization for the year	-	167,647
At the end of the year	1,552,937	1,552,937
<b>Carrying amount</b>	-	-

# Notes to the Financial Statement

## 17 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	2025 No of shares	Group / Company	
		2024 No of shares	2025 Rs.
Colombo Land & Development Company PLC	40,413,200	40,413,200	2,243,671,211
Share of profit of associate			24,754,911
Share of other comprehensive income of associate			1,130,884
			2,269,557,006
Impairment of investment in associate (Note 17.4)			-
Group's carrying amount of the investment			2,269,557,006

### 17.1 Summarised Financial information of associate - Group

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

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
<b>Statement of financial position</b>		
Current assets	176,904,276	131,410,968
Non- current assets	14,055,701,270	13,688,227,052
Current liabilities	(376,976,520)	(347,258,801)
Non- current liabilities	(5,426,545,167)	(5,171,358,513)
<b>Total equity</b>	<b>8,429,083,859</b>	<b>8,301,020,706</b>

### Summarised statement of profit or loss and other comprehensive income

	Year Ended 31.03.2025 Rs.	Year Ended 31.03.2024 Rs.
Revenue	448,252,606	396,184,101
Direct expenses	(151,569,773)	(164,263,394)
Other operating income	24,018,855	32,507,978
Change in fare value of investment properties	393,171,636	582,847,201
Fair Valuation of Biological Assets	3,761,190	4,772,658
Selling and Distribution Costs	4,856,801	(14,215,192)
Administrative expenses	(147,534,038)	(95,874,013)
Finance cost	(182,740,198)	(276,122,179)
<b>Profit before tax</b>	<b>392,217,079</b>	<b>465,837,160</b>
Tax Expenses	(269,789,228)	(108,209,745)
<b>Profit for the year</b>	<b>122,427,851</b>	<b>357,627,415</b>
<b>Group's share of profit for the year</b>	<b>24,754,911</b>	<b>72,312,263</b>

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
<b>Other Comprehensive Income</b>		
Other Comprehensive Income for the year	<b>5,592,900</b>	1,657,635
Group share of other comprehensive Income for the year	<b>1,130,884</b>	335,174

## 17.2 Contingent Liabilities

The associate does not have significant contingent liabilities as at 31 March 2025.

## 17.3 Market value of the investment as at 31 March,

	2025 Rs.	2024 Rs.
Market value of a share	<b>22.50</b>	17.50
Market value of the investment	<b>909,297,000</b>	707,231,000

## 17.4 The Group performed an impairment test of the carrying value of the investment considering indicators of impairment identified as at 31 March 2025. 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 recoverable amount 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, the recoverable amount of Colombo Land and Development Company PLC is higher than the Carrying amount in the books of Hikkaduwa Beach Resort PLC as at 31 March 2025.

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  
Recoverable value identified : Rs.2,629,361,478/-  
Period considered for cashflow projection - 04 Years

Significant judgement has been applied by the Group in considering the recoverable 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 with an additional discount (50%) applied to the total discount value of the property due to delays in obtaining the occupancy rights.

Increase in deep discount by 10% will decrease the recoverable value of by Rs.139,962,636/- and the decrease in deep discount by 10% will increase the recoverable value by Rs. 139,962,636/-.

# Notes to the Financial Statement

## 18 INVESTMENT IN SUBSIDIARY - COMPANY

As at 31 March	Holding		Carrying value	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Quoted</b>				
Waskaduwa Beach Resort PLC	55.96%	82.83%	2,445,640,005	2,336,752,445
Less: Impairment of subsidiary (Note 18.1)			(454,900,670)	(454,900,670)
			1,990,739,335	1,881,851,775
Gross Investment as at 1 April			2,336,752,445	2,336,752,445
Investment made during the Year			561,814,596	-
Share Disposal during the year			(452,927,036)	-
Gross investment as at 31 March			2,445,640,005	2,336,752,445

### 18.1 Impairment of subsidiary

The Group performed an impairment test of carrying value of the investment in Waskaduwa 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 further impairment provision required for the current year as the carrying amount of the investment did not fall below its fair recoverable value.

	2025 Rs.	2024 Rs.
Impairment of Subsidiary as at 1 April	454,900,670	454,900,670
Charge to the statement of profit or loss	-	-
Impairment of Subsidiary as at 31 March	454,900,670	454,900,670

Key assumptions applied in the determination of value in use are as follows;

	2025 Rs.	2024 Rs.
Discount Rate :	12.49%	18.95%
Terminal Growth Rate :	4.00%	3.00%

## 19 TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade debtors - Others	283,440,356	235,129,050	129,283,895	40,551,440
- Related parties (Note 19.3)	12,252,499	9,335,257	184,125	717,519
Total trade debtors (Note 19.1)	295,692,855	244,464,307	129,468,020	41,268,959
Less: Impairment for trade debtors (Note 19.1)	(15,762,694)	(10,972,736)	(10,143,328)	(5,007,314)
	279,930,161	233,491,571	119,324,692	36,261,645
Other debtors - Others	26,080,603	20,169,395	15,356,901	10,533,548
- Related parties (Note 19.4)	-	-	43,622,089	21,440,788
Total Current trade and other receivables	306,010,764	253,660,966	178,303,682	68,235,981
<b>Current trade and other receivables</b>	<b>306,010,764</b>	<b>253,660,966</b>	<b>178,303,682</b>	<b>68,235,981</b>
<b>Non-current other receivables - related parties (Note 19.4)</b>	<b>-</b>	<b>-</b>	<b>379,186,983</b>	<b>473,599,178</b>

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

Group		Neither past due nor impaired  < 30 Days  Rs.	Past due					Total  Rs.
			31 - 60 Days	61 - 90 Days	91 - 180 Days	181-365 Days	>365 Days	
			Rs.	Rs.	Rs.	Rs.	Rs.	
2025	Trade Debtors	152,365,399	115,214,600	10,589,857	272,170	7,941,151	9,309,677	295,692,855
	Less: Impairment for trade debtors	-	-	(106,483)	-	(6,346,534)	(9,309,677)	(15,762,694)
		152,365,399	115,214,600	10,483,374	272,170	1,594,617	-	279,930,161
2024	Trade Debtors	88,643,696	89,136,143	35,934,513	3,219,594	7,668,831	19,861,530	244,464,307
	Less: Impairment for trade debtors	-	-	-	-	-	(10,972,736)	(10,972,736)
		88,643,696	89,136,143	35,934,513	3,219,594	7,668,831	8,888,794	233,491,571
Company		Neither past due nor impaired  < 30 Days  Rs.	Past due					Total  Rs.
			31 - 60 Days	61 - 90 Days	91 - 180 Days	181-365 Days	>365 Days	
			Rs.	Rs.	Rs.	Rs.	Rs.	
2025	Trade Debtors	83,246,605	35,983,385	201,185	-	4,231,770	5,805,075	129,468,020
	Less: Impairment for trade debtors	-	-	(106,483)	-	(4,231,770)	(5,805,075)	(10,143,328)
		83,246,605	35,983,385	94,702	-	-	-	119,324,692
2024	Trade Debtors	19,152,787	10,489,120	579,029	1,350,744	4,424,540	5,272,739	41,268,959
	Less: Impairment for trade debtors	-	-	-	-	-	(5,007,314)	(5,007,314)
		19,152,787	10,489,120	579,029	1,350,744	4,424,540	265,425	36,261,645

19.2 Impairment of debtors

Management has carried out an impairment provision based on the simplified approach of ECL method. Management considered 100% ECL for debtors outstanding as at 31 March 2025 in determining the provision matrix for ECL. In Addition company has also taken prudent measures to evaluate less than 365 days debtors and to maintain provision where appropriate

Refer Note 35 on credit risk of trade receivables, which discuss how the Group measure credit quality of trade receivables that are neither past due nor impairment.

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

# Notes to the Financial Statement

## 19 TRADE AND OTHER RECEIVABLES (Contd.)

### 19.3 Trade debtors - Related Parties

As at 31 March	Relationship	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
George Steuart Health (Pvt) Ltd	Affiliate Company	4,535,330	1,574,399	54,780	414,399
Triad (Pvt) Ltd	Affiliate Company	438,127	143,145	129,345	143,145
George Steuart Travels Ltd	Affiliate Company	-	42,245	-	42,245
George Steuart Solutions (Pvt) Ltd	Affiliate Company	1,068,188	424,262	-	-
Liberty Publishers (Pvt) Ltd	Affiliate Company	570,000	570,000	-	-
Power House Limited	Affiliate Company	267,742	1,171,300	-	117,730
George Steuart & Company Ltd	Affiliate Company	-	36,793	-	-
George Steuart Engineering (Pvt) Ltd	Affiliate Company	5,373,112	5,373,113	-	-
		12,252,499	9,335,257	184,125	717,519

### 19.4 Other debtors - Related Parties

Company	Relationship	2025			2024		
		Total	Non current	Current	Total	Non current	Current
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Waskaduwa Beach Resort PLC	Subsidiary Company	422,809,072	379,186,983	43,622,089	495,039,966	473,599,178	21,440,788
		422,809,072	379,186,983	43,622,089	495,039,966	473,599,178	21,440,788

## 20 INVENTORIES

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Food & Beverage	29,116,450	29,149,069	6,963,450	6,712,895
House keeping and Maintenance	14,652,369	10,800,260	7,734,625	4,779,041
Other Stocks	8,499,929	12,760,315	908,383	967,127
	52,268,748	52,709,644	15,606,458	12,459,063



## 21 OTHER CURRENT FINANCIAL ASSETS

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Equity instruments designated at fair value through profit or loss</b>				
Listed equity investments (Note 21.1)	13,350,100	8,394,420	13,350,100	8,394,420
<b>Total other financial assets</b>	<b>13,350,100</b>	<b>8,394,420</b>	<b>13,350,100</b>	<b>8,394,420</b>

### 21.1 Listed equity investments - Group/Company

As at 31 March	No. of shares		Carrying value	
	2025	2024	2025	2024
			Rs.	Rs.
<b>Quoted</b>				
Asian Hotels and Properties PLC	9,200	9,200	487,600	529,920
Sampath Bank PLC	105,000	105,000	12,862,500	7,864,500
	<b>114,200</b>	<b>114,200</b>	<b>13,350,100</b>	<b>8,394,420</b>

## 22 ADVANCES AND PREPAYMENTS

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Advances	16,607,172	4,217,071	1,504,442	3,426,571
Prepayments	10,908,839	10,691,619	3,880,965	3,080,817
Deposits	1,581,411	1,811,153	1,363,331	1,593,073
	<b>29,097,422</b>	<b>16,719,843</b>	<b>6,748,738</b>	<b>8,100,461</b>

# Notes to the Financial Statement

## 23 CASH AND EQUIVALENTS

		Group		Company	
As at 31 March		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
<b>23.1 Favourable Balances</b>					
Short term bank deposit		31,365,397	29,265,439	-	-
Cash in hand		29,276,642	20,172,578	5,054,734	4,407,529
Cash at bank		104,750,785	11,154,368	100,478,370	7,707,670
		165,392,824	60,592,385	105,533,104	12,115,199
<b>23.2 Unfavourable Balances</b>					
Bank Overdraft		(221,142,296)	(364,128,762)	(81,890,785)	(219,200,128)
Total cash & cash equivalents and for the purpose of Cash flow statement		(55,749,472)	(303,536,377)	23,642,319	(207,084,929)

## 24 STATED CAPITAL

		2025		2024	
		Number	Rs.	Number	Rs.
At the beginning of the year		284,898,354	4,624,023,566	284,898,354	4,624,023,566
Shares issued - during the year		257,765,177	902,178,120	-	-
At the end of the year		542,663,531	5,526,201,686	284,898,354	4,624,023,566

### Rights Issue - 2024

The company has raised a sum of Rs.902,178,120/- by way of a Rights Issue of 257,765,177 Ordinary Voting Shares in the proportion of Nineteen (19) New Ordinary Shares for every Twenty One (21) Ordinary Shares held by the holders of Ordinary Voting Shares in the Company as at end of trading on 4 April 2024 at a consideration of Rs.3.50 per share, which concluded on 30 April 2024.

Accordingly, the Stated Capital of the Company has increased from Rs.4,624,023,566/- represented by 284,898,354 Ordinary Shares to Rs.5,526,201,686/- represented by 542,663,531 Ordinary Shares, subsequent to the Rights Issue of Shares and the said Shares was listed on the Colombo Stock Exchange on 17 May 2024.

The funds raised in the Rights issue have been utilised as tabulated below as at (16-05-2024)

Objective number	Objective as per Circular	Amount allocated as per circular in Rs.	Proposed date of utilisation as per Circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilised in Rs.(B)	% of utilised against allocation (B/A)	Clarification if not utilised where are the funds invested (eg. Whether lent to related parties)
1	Settle outstanding related party loans of the company borrowed from Citrus Leisure PLC	566,317,618	Immediately upon allotment of shares under the Rights issue of the Company	566,317,618	63%	566,317,618	100%	N/A
2	To raise the shortfall to meet full subscription of the Entitlement in the Rights Issue of Waskaduwa Beach Resort PLC	219,386,694	Immediately upon allotment of shares under the Rights issue of CITW	219,386,694	24%	219,386,694	100%	N/A
3	Subscribe to any additional shares required to raise the full subscription under the Rights Issue of CITW upto a maximum of Rs. 116,473,809/-	116,473,809	Immediately upon allotment of shares under the Rights issue of CITW	-	-	-	-	Company was able to settle Rs. 116,473,809/- PABC loan as mentioned in objective (iv) since the additional shares were purchased by minorities
4	Retire non related party loan of the Company upto a maximum of Rs. 116,473,809/-		Within a period of 01 month from the allotment of shares under the Rights issue of the Company	116,473,809	13%	116,473,809	100%	N/A

# Notes to the Financial Statement

## 25 REVALUATION RESERVES

### Nature and purpose of the reserve

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.

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Revaluation reserve at the beginning of the year	2,208,273,420	1,949,850,679	646,902,677	501,611,028
Surplus on revaluation of property plant and equipment, net of tax	60,680,692	257,704,029	17,022,856	144,572,937
Share of other comprehensive income attributable to associate, net of tax	1,130,884	718,712	1,130,884	718,712
Revaluation reserve at the end of the year	2,270,084,996	2,208,273,420	665,056,417	646,902,677

## 26 MERGER RESERVE

As at 31 March	Company	
	2025	2024
	Rs.	Rs.
As at 1 April	332,134,791	332,134,791
As at 31 March	332,134,791	332,134,791

Merger Reserve was created as a result of the Citrus Group restructure Kalpitiya Beach Resort PLC (KBRL) and Passikudah Beach Resort Limited (PBRL) has been amalgamated with Hikkaduwa Beach resort PLC on 30 January 2018 and 2 February 2018 respectively.

## 27 INTEREST BEARING LOANS AND BORROWINGS

Other Financial Liabilities	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Current Interest -bearing loans and borrowings</b>				
Bank Loans (Note 27.1 & 27.2)	433,709,317	885,531,649	195,119,317	722,877,147
Bank Overdrafts (Note 23.2)	221,142,296	364,128,762	81,890,785	219,200,128
	654,851,613	1,249,660,411	277,010,102	942,077,275
<b>Non-Current Interest -bearing loans and borrowings</b>				
Bank Loans (Note 27.1 & 27.2)	2,391,540,247	2,469,992,929	944,586,177	452,698,356
	2,391,540,247	2,469,992,929	944,586,177	452,698,356
<b>Total Interest-bearing loans and borrowings</b>	<b>3,046,391,860</b>	<b>3,719,653,340</b>	<b>1,221,596,279</b>	<b>1,394,775,631</b>

### 27.1 Bank Loans - Group

	As at 01.04.2024	Obtained during the year	Repayments	As at 31.03.2025
	Rs.	Rs.	Rs.	Rs.
Sampath Bank PLC	2,668,547,249	-	(578,770,529)	2,089,776,720
National Development Bank PLC	29,000,000	-	(29,000,000)	-
Pan Asia Banking Corporation PLC	638,272,134	331,810,938	(234,610,228)	735,472,844
Nations Trust Bank PLC	14,930,692	-	(14,930,693)	-
Commercial Bank of Ceylon PLC	4,774,503	-	(4,774,503)	-
	3,355,524,578	331,810,938	(862,085,953)	2,825,249,564

	2025	2024
	Rs.	Rs.
Current	433,709,317	885,531,649
Non-current	2,391,540,247	2,469,992,929
	2,825,249,564	3,355,524,578

## Notes to the Financial Statement

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

#### 27.2 Bank Loans - Company

	As at 01.04.2024 Rs.	Obtained during the year Rs.	Repayments Rs.	As at 31.03.2025 Rs.
Sampath Bank PLC	493,372,676	-	(89,140,026)	<b>404,232,650</b>
National Development Bank PLC	29,000,000	-	(29,000,000)	-
Pan Asia Banking Corporation PLC	638,272,134	331,810,938	(234,610,228)	<b>735,472,844</b>
Nations Trust Bank PLC	14,930,693	-	(14,930,693)	-
	1,175,575,503	331,810,938	(367,680,947)	<b>1,139,705,494</b>

	2025 Rs.	2024 Rs.
Current	<b>195,119,317</b>	722,877,147
Non-current	<b>944,586,177</b>	452,698,356
	<b>1,139,705,494</b>	1,175,575,503

### 27.3 Security and repayment terms

Lender	Nature of facility	Interest Rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<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-off.	<b>9,397,512</b>	19,811,507	<b>31,365,848</b>	29,124,835
Sampath Bank PLC	Permanent Overdraft	AWPLR+Margin p.a. payable 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/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa	<b>75,880,200</b>	75,841,802	<b>5,382,798,812</b>	5,382,798,812
Sampath Bank PLC	Term Loan Facility	AWPLR+Margin p.a. payable monthly	120 Monthly Installments	Loan agreement for Rs. 844,400,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa	<b>808,160,000</b>	844,400,000	<b>5,382,798,812</b>	5,382,798,812
Sampath Bank PLC	Moratorium Loan Facility	AWPLR+Margin p.a. payable monthly	60 Monthly Installments	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/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa	<b>360,114,070</b>	519,649,105	<b>5,382,798,812</b>	5,382,798,812
Sampath Bank PLC	Term Loan Facility	AWPLR+Margin p.a. payable monthly	120 Monthly Installments	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/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa	<b>517,270,000</b>	540,500,000	<b>5,382,798,812</b>	5,382,798,812

Notes to the Financial Statement

27.3 Security and repayment terms (Contd.)

Lender	Nature of facility	Interest Rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Sampath Bank PLC	Term Loan Facility	-	-	Loan agreement for Rs. 270,625,468.21/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa	-	270,625,468	-	5,382,798,812
Commercial Bank of Ceylon PLC	Permanent Overdraft	AWPLR+Margin p.a. payable monthly	On demand	property called 'Sanathoduwa' situated in Kalpitiya and which is the amalgamation of the lands owned by the Hikkaduwa Beach Resort PLC under.	49,715,558	49,275,325	233,287,325	233,287,500
Commercial Bank of Ceylon PLC	Term Loan Facility	-	-	property called 'Sanathoduwa' situated in Kalpitiya and which is the amalgamation of the lands owned by the Hikkaduwa Beach Resort PLC under.	-	4,774,502	-	233,287,500

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Hikkaduwa Beach Resort PLC								
Sampath Bank PLC	Term Loan Facility	AWPLR+Margin p.a. payable 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.	193,700,000	203,600,000	1,557,589,373	1,557,589,373
Sampath Bank PLC	Term Loan Facility	AWPLR+Margin p.a. payable 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 & a Letter of Undertaking from Citrus Leisure PLC	132,200,000	136,800,000	1,557,589,373	1,557,589,373
Sampath Bank PLC	Term Loan Facility (Moratorium)	AWPLR+Margin p.a. payable monthly	60 Monthly Installments	Loan Agreement for Rs. 95,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC & a Letter of Undertaking from Citrus Leisure PLC	78,332,650	88,480,000	1,557,589,373	1,557,589,373
Sampath Bank PLC	Term Loan Facility	-	-	Land and Building of Hikkaduwa Hotel, owned by Hikkaduwa Beach Resort PLC	-	58,168,358	-	-
Sampath Bank PLC	Term Loan Facility	-	-	Land and Building of Hikkaduwa Hotel, owned by Hikkaduwa Beach Resort PLC	-	6,324,319	-	1,557,589,373



Lender	Nature of facility Rs.	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Pan Asia Banking Corporation PLC	Term Loan Facility	AWPLR+Margin p.a. payable monthly	60 Monthly Installments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC &	<b>620,559,694</b>	638,272,133	<b>904,072,240</b>	
	Permanent Overdraft	-	-	9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC		197,328,206		706,486,700
Pan Asia Banking Corporation PLC	Term Loan Facility	Fixed rate	60 Monthly Installments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC &	<b>114,913,150</b>	-	<b>904,072,240</b>	-
				9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC				
Nations Trust Bank PLC	Permanent Overdraft	AWPLR+Margin p.a. payable monthly	On demand	Overdraft Agreement for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	<b>21,328,532</b>	21,824,493	-	-
	Term Loan Facility	-	-	Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	-	4,174,679	-	-
National Development Bank LC								
	Short Term Loan Facility	-	-	Shares of Waskaduwa Beach Resort PLC worth of Rs.333,334,000/- (No of shares 196,078,432)	-	29,000,000	-	450,980,394

# Notes to the Financial Statement

## 28 RETIREMENT BENEFIT OBLIGATION

	Group		Company	
As at 31 March	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April	30,597,868	28,569,491	20,375,080	18,771,198
Current service cost	3,797,156	3,022,334	1,820,206	1,487,203
Interest cost	3,671,745	6,570,983	2,445,010	4,317,376
Actuarial (gain)/loss arising from changes in assumptions	790,397	405,010	1,490,710	(783,628)
Payments made during the year	(5,059,919)	(7,969,950)	(3,027,509)	(3,417,069)
Balance as at 31 March	33,797,247	30,597,868	23,103,497	20,375,080

**28.1** Following amounts are recognised in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation (RBO).

	Group		Company	
As at 31 March	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Expense recognised in profit or loss</b>				
Current service cost	3,797,156	3,022,334	1,820,206	1,487,203
Interest cost	3,671,745	6,570,983	2,445,010	4,317,376
	7,468,901	9,593,317	4,265,216	5,804,579
<b>Actuarial (gains) and losses recognised directly in OCI</b>	790,397	405,010	1,490,710	(783,628)
Recognised during the period	790,397	405,010	1,490,710	(783,628)

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2025. 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 retirement benefit obligation and the current service cost.

### 28.2 Assumptions used

The principle assumptions used were as follows,

	Group		Company	
As at 31 March	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Discount rate	10%	12%	10%	12%
Future salary increment rate	10%	10%	10%	10%
Staff turnover	33% - 31%	26% - 22%	33%	26%
Retirement age (years)	60	60	60	60

## 28 RETIREMENT BENEFIT OBLIGATION (Contd.)

### 28.3 Sensitivity of the principal 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,

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Discount Rate</b>				
Effect on RBO due to decrease in the discount rate by 1%	1,014,421	1,075,963	679,184	677,470
Effect on RBO due to increase in the discount rate by 1%	(956,909)	(1,005,413)	(642,202)	(636,302)
<b>Salary Escalation</b>				
Effect on RBO due to decrease in salary escalation rate by 1%	(1,113,573)	(1,162,066)	(748,331)	(739,189)
Effect on RBO due to increase in salary escalation rate by 1%	1,161,162	1,224,329	778,522	774,862

The sensitivity analysis presented above may not be representative of the actual change in the retirement 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 retirement 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 retirement 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.

### 28.4 Maturity analysis of the payments

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Less than or equal 1 year	8,245,115	6,749,077	5,618,122	4,761,296
Over 1 year and less than or equal 2 years	11,251,856	8,093,068	7,828,675	5,088,904
Over 2 years and less than or equal 5 years	10,941,655	8,835,156	7,885,305	6,215,113
Over 5 years and less than or equal 10 years	2,865,986	5,856,418	1,555,402	3,904,377
Over 10 years	492,635	1,064,149	215,993	405,390
Total expected payments	33,797,247	30,597,868	23,103,497	20,375,080

28.5 The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 03 years (2024 - 04 years).

# Notes to the Financial Statement

## 29 DEFERRED TAX LIABILITIES

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>29.1 Net deferred tax liabilities</b>				
At the beginning of the year	1,375,824,543	655,455,311	506,396,556	332,134,584
Accelerated depreciation for tax purposes	37,392,702	113,857,181	37,562,986	112,858,308
Retirement benefit obligation	(1,617,122)	(820,571)	(1,265,738)	(716,253)
Impairment of trade debtors	(1,540,834)	(75,000)	(1,540,834)	(75,000)
<b>Recognised in other comprehensive income</b>				
Revaluation of land, land improvements and buildings	40,731,002	607,529,125	7,295,511	61,959,830
Actuarial gains and losses on defined benefit plans	(237,119)	(121,503)	(447,213)	235,088
<b>At the end of the year</b>	<b>1,450,553,172</b>	<b>1,375,824,543</b>	<b>548,001,268</b>	<b>506,396,556</b>

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

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Deferred tax liability</b>				
Capital allowances for tax purpose	274,274,119	236,881,417	272,908,491	235,345,505
Deferred tax effect on revaluation of land, land improvement and buildings	1,190,355,681	1,149,624,680	285,961,280	278,665,769
<b>Deferred tax assets</b>				
Retirement benefit obligation	(11,033,600)	(9,179,360)	(7,825,475)	(6,112,524)
Impairment of trade debtors	(3,043,028)	(1,502,194)	(3,043,028)	(1,502,194)
	<b>1,450,553,172</b>	<b>1,375,824,543</b>	<b>548,001,268</b>	<b>506,396,556</b>

### 30 TRADE AND OTHER PAYABLES

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Trade payables - Others	93,445,156	62,268,506	12,908,395	10,765,303
- Related Parties (Note 30.1)	4,884,169	3,438,523	915,144	459,125
Other Payables - Others	26,861,206	56,907,453	-	689,585
- Related parties (Note 30.2)	127,758,404	68,709,696	50,460,865	44,244,161
Notes payable	138,234,958	375,349,589	-	123,569,519
Sundry creditors including accrued expenses	112,427,080	302,967,997	63,992,932	205,012,697
<b>Current trade and other payables</b>	<b>503,610,973</b>	<b>869,641,764</b>	<b>128,277,336</b>	<b>384,741,390</b>
<b>Non-current other payables - related parties</b>	<b>325,430,109</b>	<b>694,632,020</b>	<b>325,430,109</b>	<b>694,632,020</b>

For terms and conditions of related party transactions refer Note 34.1

For explanations on the Group's liquidity risk management processes, refer Note 35.4

#### 30.1 Trade payable - Related parties

As at 31 March	Relationship	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
George Steuart Consumer (Pvt) Ltd	Affiliate Company	2,688,636	1,227,939	539,175	359,010
Divasa Equity (Pvt) Ltd	Affiliate Company	264,935	264,935	-	-
Triad (Pvt) Ltd	Affiliate Company	658,443	55,294	-	-
Printage (Pvt) Ltd	Affiliate Company	522,182	246,329	375,969	100,115
Adpack Productions (Pvt) Ltd	Affiliate Company	244,000	393,200	-	-
Emagewise (Pvt) Ltd	Affiliate Company	-	919,252	-	-
Hammer BTL (Pvt) Ltd	Affiliate Company	14,662	14,662	-	-
George Steuart Teas (Pvt)Ltd	Affiliate Company	98,112	98,112	-	-
George Steuart Travel Ltd.	Affiliate Company	393,199	218,800	-	-
		4,884,169	3,438,523	915,144	459,125

#### 30.2 Other payables to related parties - Group

Relationship		2025			2024		
		Total	Non current	Current	Total	Non current	Current
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Citrus Leisure Parent Company PLC		453,188,513	325,430,109	127,758,404	763,341,716	694,632,020	68,709,696
		453,188,513	325,430,109	127,758,404	763,341,716	694,632,020	68,709,696

# Notes to the Financial Statement

## 30 TRADE AND OTHER PAYABLES (Contd,)

### 30.3 Other payables to related parties - Company

Relationship		2025			2024		
		Total	Non current	Current	Total	Non current	Current
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Citrus Leisure PLC	Parent Company	375,890,974	325,430,109	50,460,865	738,876,181	694,632,020	44,244,161
		375,890,974	325,430,109	50,460,865	738,876,181	694,632,020	44,244,161

## 31 CONTRACT LIABILITIES

		Group		Company	
As at 31 March		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Advance received for future room reservations		79,123,327	10,944,878	76,848,141	2,455,361
Advance received for future banquet reservations		3,003,944	7,846,963	-	221,640
		82,127,271	18,791,841	76,848,141	2,677,001

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

		Group		Company	
As at 31 March		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
31.1 Contract liabilities					
Contract liabilities balance as at 01st April		18,791,841	133,918,941	2,677,001	118,872,260
Revenue recognised in the reporting period that was included in the contract liability balance		(1,016,832,007)	(618,496,175)	(368,288,207)	(242,157,552)
Advances received from customers during the reporting period		1,083,154,492	510,775,198	443,047,047	126,085,863
Refunds made during the year		(2,987,055)	(7,406,123)	(587,700)	(123,570)
Contract liabilities balance as at 31st March		82,127,271	18,791,841	76,848,141	2,677,001

## 32 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

## 33 COMMITMENTS AND CONTINGENCIES

### 33.1 Capital Commitments

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

### 33.2 Contingent Liabilities

There were no contingent liabilities as at the reporting date.

## 34 RELATED PARTY DISCLOSURES

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

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

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

Outstanding balances at the year-end are unsecured and interest is charge at AWPLR (pa) for related party balances. For the year ended 31 March 2025, the group has not recorded any impairment of receivables relating to amounts owed by related parties. The outstanding balance will be settled as at when Company is able to settle based on the cashflow position.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.14.8 (1) and 9.14.8 (2) are on Page 38 Annual Report of the Board of Directors on the Affairs of the Company.

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

Details of significant related party disclosures are as follows:

Nature of Transaction	Parent Company		Affiliate Companies*		Total	
	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 1 April</b>	<b>(763,341,716)</b>	(62,302,620)	<b>5,896,734</b>	(917,105)	<b>(757,444,982)</b>	(63,219,725)
Fund Transfer to / Settlements made	<b>918,125,434</b>	-	-	1,396,849	<b>918,125,434</b>	1,396,849
Collection made by the company on behalf of others	-	(18,000)	<b>7,844</b>	(73,526)	<b>7,844</b>	(91,526)
Collection made by the other companies on behalf of the company	<b>524,378</b>	1,560,282	<b>25,000</b>	174,658	<b>549,378</b>	1,734,940
Expense incurred on behalf the related parties	<b>942,329</b>	12,469,915	<b>169,287</b>	1,247,188	<b>1,111,616</b>	13,717,103
Expense incurred on behalf of the company	<b>(28,252,181)</b>	(24,422,746)	<b>(578,432)</b>	(186,186)	<b>(28,830,613)</b>	(24,608,932)
Funds received from / Settlements received	<b>(454,160,707)</b>	(686,263,839)	<b>(1,651,942)</b>	(1,000,000)	<b>(455,812,649)</b>	(687,263,839)
Inter-company Interest Expense	<b>(41,753,800)</b>	(46,841,841)	-	-	<b>(41,753,800)</b>	(46,841,841)
Management Fee	<b>(100,422,251)</b>	(75,509,832)	-	-	<b>(100,422,251)</b>	(75,509,832)
Interest / Management Fee / Other settlements	<b>15,150,000</b>	117,959,366	<b>27,614,123</b>	21,057,996	<b>42,764,123</b>	139,017,363
Mortgage Fee Income	-	-	<b>1,700,000</b>	1,700,000	<b>1,700,000</b>	1,700,000
Trading nature transactions (Sales)	-	-	<b>11,753,449</b>	(30,981,681)	<b>11,753,449</b>	(30,981,681)
Settlements for trading nature Transactions (sales receipts)	-	-	<b>(8,621,965)</b>	(6,153,343)	<b>(8,621,965)</b>	(6,153,343)
Purchase of Goods/ Services	-	-	<b>(40,154,279)</b>	22,979,079	<b>(40,154,279)</b>	22,979,079
Settlements made for trading nature Transactions (payments)	-	-	<b>11,208,511</b>	(3,347,192)	<b>11,208,511</b>	(3,347,192)
WHT Deduction on Interest Expense	-	27,596	-	-	-	27,596
<b>Total</b>	<b>(453,188,513)</b>	(763,341,716)	<b>7,368,330</b>	5,896,734	<b>(445,820,184)</b>	(757,444,982)

# Notes to the Financial Statement

## 34 RELATED PARTY DISCLOSURES (CONTD.)

### 34.2 Transaction with the parent and related entities - Group (Contd.)

Nature of Transaction	Parent Company		Affiliate Companies*		Total	
	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Included under</b>						
Trade and other receivables - current (Note 19)	-	-	12,252,499	9,335,257	12,252,599	9,335,257
Trade and other payables - current (Note 30)	(127,758,404)	(68,709,696)	(4,884,169)	(3,438,523)	(132,642,574)	(72,148,219)
Trade and other payables - non current (Note 30)	(325,430,109)	(694,632,020)	-	-	(325,430,109)	(694,632,020)
	(453,188,513)	(763,341,716)	7,368,430	5,896,734	(445,820,084)	(757,444,982)

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

### 34.3 Transaction with the parent and related entities - Company

Details of significant related party disclosures are as follows:

Nature of Transaction	Parent Company		Subsidiary Company		Affiliate Companies*		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 1 April</b>	<b>(738,876,181)</b>	(60,720,641)	<b>495,039,966</b>	67,477,920	<b>258,394</b>	248,325	<b>(243,577,821)</b>	7,005,605
<b>Recurrent transactions</b>								
Fund Transfer to	832,278,378	-	-	469,413,839	-	1,396,849	832,278,378	470,810,688
Collection made by the Company on behalf of others	-	(18,000)	(2,716,031)	(4,555,458)	-	(73,526)	(2,716,031)	(4,646,984)
Collection made by the other companies on behalf of the company	524,378	1,560,282	-	2,540,325	-	174,658	524,378	4,275,265
Expense incurred on behalf of other companies	-	1,270,319	540,418	405,660	-	13,254	540,418	1,689,234
Expense incurred on behalf of the company	(10,383,807)	(10,495,042)	(323,783)	(1,762,005)	(48,057)	(52,108)	(10,755,647)	(12,309,154)
Funds received from/ settlements received	(399,115,707)	(648,563,839)	(102,912,195)	(72,716,800)	(1,651,942)	(1,000,000)	(503,679,844)	(722,280,639)
Inter-company Interest Expense	(41,560,715)	(46,841,841)	-	-	-	-	(41,560,715)	(46,841,841)
Inter-company Interest Income	-	-	32,680,697	33,790,232	-	-	32,680,697	33,790,232
Management Fee	(33,907,320)	(27,575,018)	-	-	-	-	(33,907,320)	(27,575,018)
Interest / Management Fee / Other settlements	15,150,000	52,480,000	-	-	-	(2,159,127)	15,150,000	50,320,873
Mortgage Fee Income	-	-	500,000	500,000	1,700,000	1,700,000	2,200,000	2,200,000



Nature of Transaction	Parent Company		Subsidiary Company		Affiliate Companies*		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trading nature transactions (Sales)	-	-	-	-	-	3,816,386	-	3,816,386
Settlements for trading nature Transactions (sales receipts)	-	-	-	-	(1,221,975)	(3,347,192)	(1,221,975)	(3,347,192)
Settlements made for trading nature Transactions (payments)	-	-	-	-	11,208,511	8,885,618	11,208,511	8,885,618
Purchase of goods/ services	-	-	-	-	(10,975,949)	(9,344,743)	(10,975,949)	(9,344,743)
WHT Deduction on Interest Income	-	-	-	(53,746)	-	-	-	(53,746)
WHT Deduction on Interest Expense	-	27,597	-	-	-	-	-	27,597
<b>Total</b>	<b>(375,890,974)</b>	<b>(738,876,181)</b>	<b>422,809,072</b>	<b>495,039,966</b>	<b>(731,019)</b>	<b>258,394</b>	<b>46,187,078</b>	<b>(243,577,821)</b>
Included under								
Trade and other receivables - current (Note 19)	-	-	43,622,089	21,440,788	184,125	717,519	43,806,214	22,158,307
Trade and other receivables - non current (Note 19)	-	-	379,186,983	473,599,178	-	-	379,186,983	473,599,178
Trade and other payables - current (Note 30)	(50,460,865)	(44,244,161)	-	-	(915,144)	(459,125)	(51,376,010)	(44,703,286)
Trade and other payables - non current (Note 30)	(325,430,109)	(694,632,020)	-	-	-	-	(325,430,109)	(694,632,020)
	<b>(375,890,974)</b>	<b>(738,876,181)</b>	<b>422,809,072</b>	<b>495,039,966</b>	<b>(731,019)</b>	<b>258,394</b>	<b>46,187,078</b>	<b>(243,577,821)</b>

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

#### 34.4 Key Management Personnel (KMP)

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

##### KMP of the Company

The key management personnel of the company are the members of it's board and that of it's parent.

##### 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.

# Notes to the Financial Statement

## 34 RELATED PARTY DISCLOSURES (CONTD.)

### 34.4 Key Management Personnel (KMP) (Contd.)

#### 34.4.1 Other Transactions with Key Management Personnel

##### Loans to Directors

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

##### Key Management Personnel Compensation - Company

Directors emoluments (Key Management benefits) were incurred for the year ended 31 March 2025 - 884,889 (2024 - Nil).

##### Key Management Personnel Compensation - Group

Directors emoluments (Key Management benefits) were incurred for the year ended 31 March 2025 - 1,873,778 (2024 - Nil).

##### Other Transactions with Key Management Personnel

Details of Directors' shareholdings are given in the Annual Report of the Directors' on the Affairs of the Company on page 35.

## 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 35.1 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.

### 35.2 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 summarised below.

### 35.3 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 2025 and 2024.

#### 35.3.1 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 group'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.

	Increase/ decrease in basis points	Effect on profit before tax	
		2025 Rs.	2024 Rs.
Change in basis point	+50 (0.5%)	(15,451,935)	17,068,365
Change in basis point	-50 (-0.5%)	15,451,935	17,068,365
Change in basis point	+500 (5%)	(154,519,354)	( 170,683,650)
Change in basis point	-500 (-5%)	154,519,354	170,683,650
Change in basis point	+1000 (10%)	(309,038,707)	(341,367,301)
Change in basis point	-1000 (-10%)	309,038,707	341,367,301

### 35.3.2 Foreign exchange risk

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

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

		Change in Profit before tax	
		2025 Rs.	2024 Rs.
Change in exchange rate (USD)	+5%	2,624,646	1,091,375
Change in exchange rate (USD)	-5%	(2,624,646)	(1,091,375)
Change in exchange rate (USD)	+25%	13,123,228	5,456,877
Change in exchange rate (USD)	-25%	(13,123,228)	(5,456,877)
Change in exchange rate (Euro)	+5%	478,881	8,174
Change in exchange rate (Euro)	-5%	(478,881)	(8,174)
Change in exchange rate (Euro)	+25%	2,394,406	40,871
Change in exchange rate (Euro)	-25%	(2,394,406)	(40,871)
Change in exchange rate (GBP)	+5%	15,543	24,543
Change in exchange rate (GBP)	-5%	(15,543)	(24,543)
Change in exchange rate (GBP)	+25%	77,716	122,714
Change in exchange rate (GBP)	-25%	(77,716)	(122,714)

# Notes to the Financial Statement

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

### Foreign currency exchange rates

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

As at	31.03.2025	31.03.2024
United States Dollar	296.32	300.44
Euro	319.78	325.22
Great Britain Pound	383.61	379.54

### 35.4 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 2025 based on contractual undiscounted payments.

Year ended 31 March 2025	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
<b>Financial liabilities</b>					
Trade and other payables	-	503,610,973	-	-	503,610,973
Interest bearing loans and borrowings	221,142,296	433,709,317	1,623,900,247	767,640,000	3,046,391,860
	221,142,296	937,320,290	1,623,900,247	767,640,000	3,550,002,833

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

Year ended 31 March 2024	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
<b>Financial liabilities</b>					
Trade and other payables	-	869,641,764	-	-	869,641,764
Interest bearing loans and borrowings	364,128,762	885,531,649	1,508,752,929	961,240,000	3,719,653,340
	364,128,762	1,755,173,413	1,508,752,929	961,240,000	4,589,295,104

### 35 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 2025 based on contractual undiscounted payments.

Year ended 31 March 2025	Payable on demand	Within 1 year	Between 2-5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial liabilities</b>					
Trade and other payables	-	128,277,336	-	-	128,277,336
Interest bearing loans and borrowings	81,890,785	195,119,317	779,286,177	165,300,000	1,221,596,279
	81,890,785	323,396,653	779,286,177	165,300,000	1,349,873,615

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

Year ended 31 March 2024	Payable on demand	Within 1 year	Between 2-5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial liabilities</b>					
Trade and other payables	-	384,741,390	-	-	384,741,390
Interest bearing loans and borrowings	219,200,128	722,877,147	254,798,356	197,900,000	1,394,775,631
	219,200,128	1,107,618,537	254,798,356	197,900,000	1,779,517,021

#### 35.5 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;

Year ended 31 March 2025	2025	2024
	Rs.	Rs.
Trade and other receivables (Note 19)	306,010,764	253,660,966
Investments in bank deposits (Note 23)	31,365,397	29,265,439
Cash at bank	104,750,785	11,154,368
	442,126,946	294,080,773

# Notes to the Financial Statement

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

### TRADE AND OTHER RECEIVABLES

The maximum exposure to the credit risk of the trade and other receivables in the statement of financial position as at 31 March 2024 and 2025 is the carrying amounts as disclosed in Note 19.

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

Year ended 31 March 2025	2025	2024
	Rs.	Rs.
Individual debtors	42,351,294	40,209,301
Corporate debtors	267,169,664	224,424,402
	309,520,958	264,633,703

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 recognised in a separate provision for impairment. Details of trade receivables aging and provision is provided in Note 19.1 to the financial statements.

### CASH AND CASH EQUIVALENTS

The Group held cash in hand and at bank equivalents of Rs. 134mn at 31 March 2025 (2024 -Rs. 31.3mn) which represents its maximum credit exposure on these assets.

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

- Bank of Ceylon (BOC) - 'AA-(Ika)'
- People's Bank (Sri Lanka) (PB) - 'AA-(Ika)'
- Commercial Bank of Ceylon PLC (COMB) - 'AA-(Ika)'
- Hatton National Bank PLC (HNB) - 'AA-(Ika)'
- Sampath Bank PLC 'AA-(Ika)',
- Seylan Bank PLC - 'A+(Ika)',
- National Development Bank PLC (NDB) - 'A(Ika)'
- Nations Trust Bank PLC (NTB) - 'A(Ika)',
- Pan Asia Banking Corporation PLC (PABC) - 'BBB(Ika)'

## 36 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 70% (2024 - 103%) and the Company is 24% (2024 - 34%). 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.

## SUPPLIMENTARY INFORMATION

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# Ten Year Summary - Group

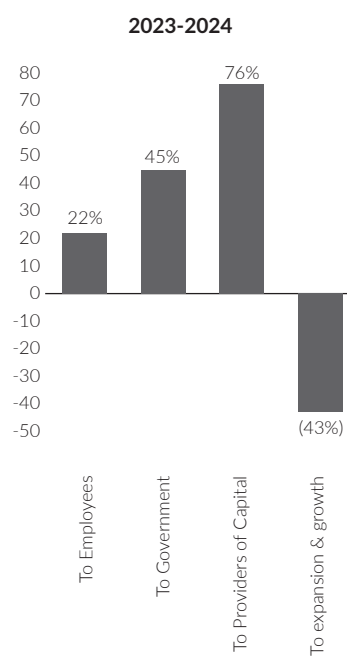
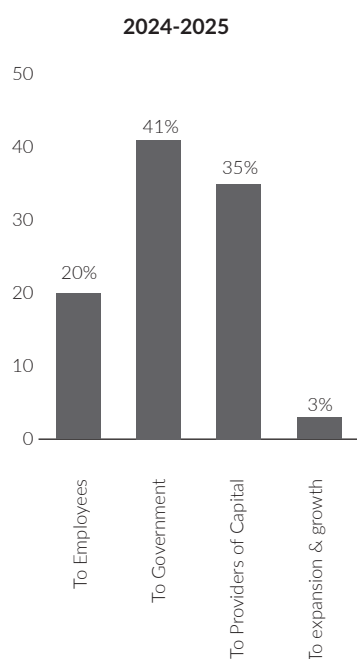
Year ended 31 March	2025	2024	2023	2022
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>TRADING RESULTS</b>				
Revenue	1,816,869	1,654,360	1,199,703	583,458
Operating profit /(loss)	203,786	(5,483)	(133,177)	(195,355)
Profit/(loss) before tax	(152,681)	(549,788)	(1,112,443)	(405,622)
Tax (expense)/reversal	(34,235)	(112,962)	(903)	28,099
Profit/(loss) after tax	(186,916)	(662,749)	(1,113,346)	(377,523)
Profit/(loss) attributable to owners of the parent	(163,704)	(592,664)	(991,396)	(329,321)
Non-controlling interest	(23,211)	(70,085)	(121,950)	(48,202)
<b>Funds employed</b>				
Stated capital	5,526,202	4,624,024	4,624,024	4,624,024
Capital reserves	2,261,462	2,208,273	2,035,652	1,908,990
Revenue reserves	(3,747,876)	(3,536,381)	(2,786,529)	(1,796,962)
Equity attributable to owners of the company	4,380,545	3,628,051	4,205,282	5,068,186
Non-controlling interests	942,342	266,491	312,919	423,885
Borrowings	2,391,540	2,469,993	3,178,251	2,736,781
<b>Assets Employed</b>				
Non-current assets	10,193,129	10,206,174	9,407,718	9,442,220
Current assets	571,669	397,509	297,675	210,217
Current liability of borrowings	654,852	1,249,660	701,776	650,704
Capital employed	6,772,085	6,098,044	7,696,452	8,228,852
<b>Cashflow</b>				
Net cash inflow/(outflow) from operating activities	(405,045)	(481,617)	(13,972)	(37,220)
Net cash inflow/(outflow) from investing activities	533,657	(52,183)	(67,114)	127,428
Net cash inflow/(outflow) from financing activities	119,175	560,193	56,775	(21,041)
Increase /(decrease) in cash and cash equivalents	247,787	26,393	(24,311)	69,167
<b>Key Indicators</b>				
Earnings/(loss) per Share - Basic (Rs.)	0.31	(2.00)	(3.48)	(0.08)
Net assets value per share (Rs.)	8.40	12.73	14.76	17.79
Market price per share (Rs.)	3.30	4.70	5.10	5.70
Return on capital employed (%)	3%	0%	-1.73%	-2.37%
Current ratio (times)	0.46	0.19	0.19	0.20
Debt to equity ratio (times)	0.45	0.63	0.70	0.50
Dividend per share (Rs.)	-	-	-	-
Dividend payout ratio (%)	-	-	-	-



2021 Rs. 000	2020 Rs. 000	2019 Rs. 000	2018 Rs. 000	2017 Rs. 000	2016 Rs. 000
344,395	936,509	1,166,739	403,867	304,804	295,689
(263,516)	(19,392)	136,618	70,676	70,667	58,555
(538,232)	(311,684)	(205,010)	(130,237)	101,185	68,732
19,892	1,079	(3,662)	(65,304)	(22,795)	(10,371)
(518,340)	(310,605)	(208,673)	(195,540)	78,390	58,362
(491,348)	(305,528)	(196,791)	(194,143)	78,390	58,362
(26,992)	(5,078)	(11,882)	(1,397)	-	-
4,624,024	4,624,024	4,311,571	4,311,571	778,568	778,568
1,144,665	852,998	856,753	849,934	124,179	124,179
(1,563,782)	(1,144,062)	(888,639)	(691,205)	353,394	279,655
4,537,041	4,665,095	4,611,820	4,802,435	1,256,141	1,182,401
199,634	28,019	85,127	97,000	-	-
2,452,956	2,580,346	2,372,069	1,620,029	291,080	349,396
8,367,039	8,045,696	7,889,292	8,498,503	1,652,494	1,565,402
110,430	180,429	460,861	512,848	204,847	195,096
638,314	399,455	615,160	1,584,242	190,391	163,541
7,189,631	7,273,460	7,069,016	6,519,464	1,547,221	1,531,798
(138,588)	41,316	(289,138)	73,482	83,272	69,847
153,395	(81,814)	209,399	(1,192,994)	(47,475)	(419,695)
(18,584)	68,770	887,810	(8,572)	79,617	431,411
(3,777)	28,273	808,071	(1,128,084)	(43,820)	81,563
(1.72)	(1.11)	(0.96)	(2.57)	1.36	1.01
15.93	16.37	22.52	23.45	21.82	20.54
5.30	3.20	3.70	7.20	13.20	13.30
-3.67%	-0.27%	1.93%	1.08%	4.57%	3.82%
0.11	0.24	0.43	0.22	0.69	0.91
0.52	0.55	0.51	0.33	0.23	0.30
-	-	-	0.09	0.10	0.12
-	-	-	(0.03)	0.07	0.12

# Statement of Value Added

	Group			
	2024/2025		2023/2024	
	Rs.	%	Rs.	%
Turnover	1,816,868,919		1,654,360,236	
Taxes - VAT and others	463,529,463		366,170,295	
Gross Turnover	2,280,398,382		2,020,530,531	
Other Income	119,704,994		87,914,349	
	2,400,103,376		2,108,444,880	
Less: Cost of Material & Services bought in	(1,282,235,425)		(1,292,321,919)	
	1,117,867,951		816,122,961	
<b>Value Allocated to Employees</b>				
Salaries & Wages and other benefits	219,844,000	20%	175,675,313	22%
<b>To Government</b>				
VAT, Income tax & Other Taxes	463,529,463	41%	366,170,295	45%
<b>To Providers of Capital</b>				
Loan Interest	395,439,841	35%	623,688,644	76%
<b>To Expansion &amp; Growth</b>				
Depreciation & retained in Business	39,054,647	3%	(349,411,291)	-43%
	1,117,867,951	100%	816,122,961	100%



# Share Holder Information

ANALYSIS OF SHAREHOLDERS AS AT 31.03.2025

Shareholdings	Resident			Non Resident			Total		
	Number of Shareholders (Resident)	No.of Shares (Resident)	% (Resident)	Number of Shareholders (Non Resident)	No.of Shares (Non Resident)	% (Non Resident)	Number of Shareholders (Total)	No.of Shares (Total)	% (Total)
1-1,000	1,721	491,370	0.0905	7	2,259	0.0004	1,728	493,629	0.0910
1,001-10,000	977	4,042,597	0.7450	5	14,011	0.0026	982	4,056,608	0.7475
10,001-100,000	649	23,519,355	4.3341	3	96,833	0.0178	652	23,616,188	4.3519
100,001-1,000,000	172	55,964,702	10.3130	1	125,000	0.0230	173	56,089,702	10.3360
1,000,001 & Over	26	458,407,404	84.4736	0	0	0.0000	26	458,407,404	84.4736
Total	3,545	542,425,428	99.9561	16	238,103	0.0439	3,561	542,663,531	100.0000

CATEGORIES OF SHAREHOLDERS AS AT 31.03.2025

Shareholdings	Individual			Institutional			Total		
	Number of Shareholders (Individual)	No.of Shares (Individual)	% (Individual)	Number of Shareholders (Institutional)	No.of Shares (Institutional)	% (Institutional)	Number of Shareholders (Total)	No.of Shares (Total)	% (Total)
1-1,000	1,703	487,632	0.0899	25	5,997	0.0011	1,728	493,629	0.0910
1,001-10,000	948	3,899,188	0.7185	34	157,420	0.0290	982	4,056,608	0.7475
10,001-100,000	604	21,215,108	3.9094	48	2,401,080	0.4425	652	23,616,188	4.3519
100,001-1,000,000	134	40,087,239	7.3871	39	16,002,463	2.9489	173	56,089,702	10.3360
1,000,001 & Over	16	32,919,467	6.0663	10	425,487,937	78.4073	26	458,407,404	84.4736
Total	3,405	98,608,634	18.1712	156	444,054,897	81.8288	3,561	542,663,531	100.0000

## Share Holder Information

### COMPANY INDIVIDUAL

Type	No. of shareholders	Holding	%
Individuals	3,405	98,608,634	18.1712
Institutions	156	444,054,897	81.8288
<b>Total</b>	<b>3,561</b>	<b>542,663,531</b>	<b>100.0000</b>

### RESIDENT NON RESIDENT

Type	No. of shareholders	Holding	%
Resident	3,545	542,425,428	99.9561
Non Resident	16	238,103	0.0439
<b>Total</b>	<b>3,561</b>	<b>542,663,531</b>	<b>100.0000</b>

### CATEGORIES RESIDENT STATUS

Type	Resident			Non Resident		
	No. of share Holders (Resident)	Holding (Resident)	% (Resident)	No. of share Holders (Non Resident)	Holding (Non Resident)	% (Non Resident)
Individuals	3,390	98,495,531	18.1504	15	113,103	0.0208
Institutions	155	443,929,897	81.8057	1	125,000	0.0230
<b>Total</b>	<b>3,545</b>	<b>542,425,428</b>	<b>99.9561</b>	<b>16</b>	<b>238,103</b>	<b>0.0439</b>

The company has raised a sum of Rs.902,178,121/- by way of a Rights Issue of 257,765,177 Ordinary Voting Shares in the proportion of Nineteen (19) New Ordinary Shares for every Twenty One (21) Ordinary Shares held by the holders of Ordinary Voting Shares in the Company as at end of Trading on 4th April 2024 are, which concluded on 30th April 2024.

The percentage of the shares held by public as at 31st March 2025 was 24.56% (As at 31st March 2024 was 16.79%) and the number of public shareholders was 3,561 (As at 31st March 2024 was 2,507)

The Float Adjusted Market Capitalisation of the Company as at 31st March 2025 is Rs. 439,848,354 and the Company complies with the minimum public holding requirement under Option 2 of the Listing Rules 7.13.1 (i) (b).

### SHARE PRICES FOR THE YEAR

Name	As at 31.03.2025	As at 31.03.2024
	No of Shares	No of Shares
Highest during the year	5.00 (02.05.2024)	6.30 (10.10.2023)
Lowest during the year	3.10 (19.03.2025)	3.60 (23.01.2024)
As at end of the year	3.30	4.70

## TWENTY LARGEST SHAREHOLDERS

Name	As at 31.03.2025		As at 31.03.2024	
	No of Shares	(%)	No of Shares	(%)
1 Citrus Leisure PLC	372,392,585	68.62	236,058,408	82.857
2 Mes Citrus Leisure PLC	36,271,549	6.68	11,998,035	4.211
3 Mr. K.V. Hewavitarne	5,000,000	0.92	4,080,156	1.432
4 Hatton National Bank PLC/Ravindra Erle Rambukwelle	4,400,000	0.81	3,647,054	1.280
5 Mr. T.G. Thoradeniya	4,080,156	0.75	2,000,000	0.702
6 Mrs. K.M. Goonewardene	3,647,054	0.67	1,791,000	0.629
7 DFCC Bank PLC/B.R. Fernando	2,651,100	0.49	1,622,464	0.569
8 Mr. M.T. Rajab Khan	2,498,050	0.46	1,458,493	0.512
9 Mr. R.E. Rambukwelle	2,147,600	0.40	800,000	0.281
10 Mr. B.S.M. Abeysekara	2,140,124	0.39	628,570	0.221
11 People S Leasing And Finance PLC/R.I.Perera	2,000,000	0.37	622,578	0.219
12 Seylan Bank PLC/A.c.Senanka	1,969,894	0.36	583,393	0.205
13 Emarketingeye (Pvt) Ltd	1,785,181	0.33	557,812	0.196
14 Mr. C. Yatawara	1,622,464	0.30	534,357	0.188
15 Mr. V.N. Abeysekara	1,588,310	0.29	529,336	0.186
16 Mr. K.D.D. Perera	1,500,000	0.28	513,648	0.180
17 Seylan Bank PLC/Phantom Investments (Pvt) Ltd	1,458,493	0.27	464,394	0.163
18 Mr. S.K. Peiris	1,391,002	0.26	345,889	0.121
19 Dialog Finance PLC/S.d.m. Hemajith & R.a.n. Udani	1,376,270	0.25	339,691	0.119
20 Dr. A.A.M. Dharmadasa	1,359,989	0.25	333,334	0.117
	451,279,821	83.16	268,908,612	94.388
Others	91,383,710	16.24	15,989,742	5.612
Total	542,663,531	100.00	284,898,354	100.000

## DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2025

Name	As at 31.03.2025		As at 31.03.2024	
	No of Shares	(%)	No of Shares	(%)
1 Mr. E.P.E. Cooray	Nil	Nil	333,334	0.117
2 Mr Sharvajana Anandaraj Ameresekere	Nil	Nil	Nil	Nil
3 Mr. Rajinda Seneviratne				
Shares held in the following manner	212,749	0.039	212,749	0.075
Seylan Bank PLC / Rajinda Goonewardene Seneviratne				
4 Mr Sembukuttige Mani Ammal De Silva Sugathapala	464,394	0.086	464,394	0.163
5 Mr. Punsisi Lalith Patuwatha Withana	Nil	Nil	Nil	Nil
6 Mr Priyanka Niran Mahawatte	Nil	Nil	Nil	Nil
7 Mr Samantha Pradeep Samarawickrama Ranatunga	Nil	Nil	Nil	Nil
8 Director / Group Chief Executive Officer's Shareholding				
Mr Priya Chandana Bandara Talwatte	9,523	0.002	5,000	0.002

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Fourteenth (14th) Annual General Meeting of Hikkaduwa Beach Resort PLC will be held on 30th September 2025 at 10.50 a.m. at the Sri Lanka Foundation, Lecture Hall No. 03, No. 100, Padanam Mawatha, Independence Square, Colombo 07 for the following purposes:

## 1. ORDINARY BUSINESS

- 1.1 To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Financial Statements for the Year ended 31 March 2025 and the Report of the Auditors thereon.
- 1.2 To re-elect as a Director, Mr. Samantha Pradeep Samarawickrama Ranatunga who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 95 of the Articles of Association.
- 1.3 To re-elect as a Director, Mr. Priyanka Niran Mahawatte who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 95 of the Articles of Association.
- 1.4 To re-elect Mr. Rajinda Goonewardene Seneviratne as a Director who retires by rotation in terms of Articles 88 and 89 of the Articles of Association of the Company.
- 1.5 To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants, as the Company's Auditors and to authorise the Directors to determine their remuneration.
- 1.6 To authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.

## 2. SPECIAL BUSINESS

- 2.1 To consider and if thought fit, to pass the following resolution as a Special Resolution:

**'IT IS HEREBY RESOLVED THAT** the Articles of Association of the Company be amended:

- (1) by the deletion of Article 80(a) in its entirety and the substitution therefore of the following new Article 80;  
  
80. "The number of Directors shall not be less than five (5) nor more than twelve (12) in number."
- (2) by the substitution of the word "Special" in place of "Ordinary" in line 1 of Article 82;
- (3) by the deletion of Article 87(vii);
- (4) by the deletion of Articles 121 under the existing heading, 'Alternate Directors' in its entirety and the substitution therefore of the following new Article 121;

### **"ALTERNATE DIRECTORS**

121. (i) Subject to the Statutes and other laws applicable in respect of the composition of the Board, a Director may, due to exceptional circumstances, by notice in writing under his hand delivered to the Secretary, nominate an individual to be appointed as an Alternate Director of the Company for a maximum period of one (1) year from the date of appointment to attend to the duties of the Director in his absence, and the following provisions of these Articles shall apply to any person so appointed.  
  
(ii) If an Alternate Director is appointed for a Non-Executive Director, such Alternate Director shall not be an executive of the Company.  
  
(iii) If an Alternate Director is appointed to represent an Independent Non-Executive Director, such Alternate Director shall meet the criteria for independence specified in the Listing Rules of the Colombo Stock Exchange."
- (5) by the inclusion of the words and figures 'including the signing of resolutions in writing to be passed by circulation under Article 118 hereof.' at the end of Article 123(i);

- (6) by the inclusion of the words "Subject to Article 121, an" at the beginning of the Article 124 in place of the word "An";
- (7) by the deletion of the words "if the Directors resolve" in line 1 of Article 124(iv) and the substitution thereof of "If the Board resolves";

- (8) by the inclusion of following paragraph at the end of Article 157 ;


"The Company may serve notice by electronic mail to an electronic mail account notified by a shareholder in writing or any other acceptable means, to the Company or to the Central Depository Systems (Pvt) Ltd. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company through electronic mail."

- (9) by the deletion of Article 162 in its entirety and the substitution thereof of the following new Article 162;

162. "Any notice required to be or which may be given by advertisement shall unless otherwise required by statute be published in Sinhala, Tamil and English national daily newspapers. The Company may if so permitted by statute, publish any notice required to be given to the shareholders on the official website of the Company and/or on the official website of the Colombo Stock Exchange (if the Company is listed on the Colombo Stock Exchange)."

By order of the Board

**Hikkaduwa Beach Resort PLC**



**P W Corporate Secretarial (Pvt) Ltd**

Secretaries

29 August 2025

#### **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

## Notes

[illegible]



# Form of Proxy

I/We\*.....(NIC/Passport/Co. Reg. No. ....)

of.....being a shareholder / shareholders of HIKKADUWA BEACH RESORT PLC hereby

Appoint ..... (NIC/Passport No.....) of.....

or failing him/her,

Mr. S P S Ranatunga

Mr. P C B Talwatte

Mr. S M A De Silva Sugathapala

Mr. R G Seneviratne

Mr. S A Ameresekere

Mr. P L P Withana

Mr. P N Mahawatte

or failing him\*

or failing him\*

or failing him\*

or failing him\*

or failing him\*

or failing him\*

or failing him\*

As my/our\* proxy to represent and speak and vote as indicated hereunder for me/us\* and on my/our\* behalf at the Fourteenth (14th) Annual General Meeting of the Company to be held on 30th September 2025 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

## 1. ORDINARY BUSINESS

		For	Against
(1)	To re-elect as a Director, Mr. Samantha Pradeep Samarawickrama Ranatunga who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 95 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
(2)	To re-elect as a Director, Mr. Priyanka Niran Mahawatte who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 95 of the Articles of Association.	<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 88 and 89 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(4)	To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants, as the Company's Auditors and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(5)	To authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

## 2 SPECIAL BUSINESS

		For	Against
(1)	To pass the Special Resolution as set out in item 2.1 of the Notice of Meeting	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... Two Thousand and Twenty Five.

.....  
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 10.50 p.m. on 28th September 2025.
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

Hikkaduwa Beach Resort PLC

## LEGAL FORM

Public Quoted Company with limited liability Incorporated in Sri Lanka

## COMPANY REGISTRATION NO

PB 4520 PQ

## REGISTERED OFFICE

No: 56/1, Kynsey Road, Colombo 08.  
Telephone : 0117-755-388  
E-mail : [direct@citrusleisure.com](mailto:direct@citrusleisure.com)  
Website : [www.citrusleisure.com](http://www.citrusleisure.com)

## BOARD OF DIRECTORS

Mr. S. P. S. Ranatunga (Chairman)  
Mr. P. C. B. Talwatte  
Mr. S. M. A. D. S. Sugathapala  
Mr. R.G Seneviratne  
Mr. S.A. Ameresekere  
Mr. P. L. P Withana  
Mr. P.N. Mahawatte

## CHIEF EXECUTIVE OFFICER

Mr. P. C. B. Talwatte

## AUDIT COMMITTEE

Mr. P.L.P. Withana (Chairman)  
Mr. S.P.S. Ranatunga  
Mr. P.N. Mahawatte

## REMUNERATION COMMITTEE

Mr. P.N. Mahawatte (Chairman)  
Mr. P. L. P Withana  
Mr. S.A. Ameresekere

## NOMINATIONS & GOVERNANCE COMMITTEE

Mr. P.N. Mahawatte (Chairman)  
Mr. S. P. S. Ranatunga  
Mr. S.A. Ameresekere

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. P.L.P. Withana (Chairman)  
Mr. S.P.S. Ranatunga  
Mr. S.A. Ameresekere

## COMPANY SECRETARIES

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

## COMPANY REGISTRARS

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

## AUDITORS

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

## BANKERS

Sampath Bank PLC  
Commercial Bank of Ceylon PLC  
Pan Asia Banking Corporation PLC  
Nations Trust Bank PLC  
Hatton National Bank PLC  
National Development Bank PLC  
NDB Wealth Management LTD  
Bank of Ceylon  
Seylan Bank PLC

## SUBSIDIARIES

Waskaduwa Beach Resort PLC (PB 4242 PQ)

## INVESTOR RELATIONS

Please contact sector Head of Finance  
Ms.Kaushika Ranasinghe  
+94775700473  
[kaushika@citrusleisure.com](mailto:kaushika@citrusleisure.com)



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

**Hikkaduwa Beach Resort PLC**  
No: 56/1, Kynsey Road, Colombo 8.  
Telephone : 0117-755-388  
E-mail : [direct@citrusleisure.com](mailto:direct@citrusleisure.com)