



Waskaduwa 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 Waskaduwa Beach Resort PLC for the financial year ended 31st March 2025. Against the backdrop of a complex operating environment, Waskaduwa Beach Resort 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 Our Company 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, a key source market for Sri Lanka tourism, witnessed a growth in tourist numbers in 2024 over 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 Waskaduwa made substantial internal progress during the year. The Company 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, the property maintained healthy occupancy rates and stable average room rates (ARRs), 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.

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 Company 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 Property 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 Waskaduwa Beach Resort 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 Waskaduwa 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, Company 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 Company's ability to adapt to changing market dynamics, optimise resources and enhance the value proposition of our Property 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.

PERFORMANCE OVERVIEW

Waskaduwa Beach Resort was the stand out performer of the year. With a recovery in corporate and leisure group bookings, the hotel benefited from its proximity to Colombo and unique offerings, such as expansive garden areas ideal for day outings and events. The hotel's banquet facilities, with double-height ceilings and pillar less interiors, continue to be a key differentiator. Occupancy increased from 63% in the previous year to 67% this year, while RevPAR showed a healthy rise. The property recorded a significant increase in GOP, with efforts underway to further strengthen its positioning in the premium segment. A refurbishment programme, initiated during the financial year, is currently in progress and expected to be completed during the year 2025. This upgrade will allow the property to reposition itself to cater to higher-yield segments. We are also in discussions with international operators to explore the potential of Waskaduwa Beach Resort becoming part of a global members' club for international travellers. If realised, this partnership will provide a consistent and high-quality clientele for the hotel while enhancing our global profile.

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 Company, 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. 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 Company 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 Company 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.

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 receipts contributed 3.2% to Sri Lanka's GDP in 2024, up from 2.5% in the previous year, underscoring the importance of tourism in the nation's economic recovery. 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 tourists increased from 197,498 to 201,920. Share of Russian tourists reduced from 13.28% to 9.83%. while the Chinese market continues to under perform. The composition of tourist arrivals is evolving and we are continuously fine-tuning our offerings to stay relevant.

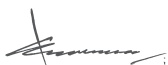
LOOKING AHEAD

As we move into 2025/26, our focus remains sharply fixed on three key areas starting with product enhancement. We will complete the ongoing refurbishments at Waskaduwa. 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, Waskaduwa Beach Resort is well-positioned to navigate the future.



P.C.B Talwatte

Chief Executive Officer

29 August 2025
Colombo

Board of Directors

MR. CHANDANA TALWATTE

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

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

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

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

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

Mr. Pilimalawwe holds a master's degree in information technology from Keele University in U.K., and a Bachelor of Science (Honors) Degree in Information Systems from Manchester Metropolitan University in U.K. and is a member of the

British Computer Society (MBCS). He is also a Chartered Information Technology Professional (CITP) and has over 25 years corporate experience.

He holds directorships in thirty two companies:

Executive Director

George Steuart and Company Limited (Group Director)
George Steuart Optimize (Pvt) Ltd (Managing Director)
George Steuart Solutions (Pvt) Ltd (Managing Director)

Non-Executive Director

Cambridge Technology Solutions (Pvt) Ltd
Ceylon Grid Services (Pvt) Ltd
Citrus Leisure PLC
Citrus Aqua Limited
Citrus LT (Pvt) Ltd
Citrus Vacations Limited
Data M T X Labs (Pvt) Ltd
George Steuart Asset Management (Pvt) Ltd
George Steuart Aviation (Pvt) Ltd
George Steuart Capital (Pvt) Ltd
George Steuart Consumer (Pvt) Ltd
George Steuart Education (Pvt) Limited
George Steuart Exports Pvt (Ltd)
George Steuart Health (Pvt) Ltd
George Steuart Holidays (Pvt) Limited
George Steuart Industries (Pvt) Limited
George Steuart Insurance Brokers (Pvt) Ltd
George Steuart Investments (Pvt) Ltd
George Steuart Maldives (Pvt) Ltd
George Steuart Recruitment (Pvt) Ltd
George Steuart Solutions (Pvt) Ltd
George Steuart Sports (Pvt) Ltd
George Steuart Teas (Pvt) Ltd
George Steuart Telecom (Pvt) Ltd
George Steuart Travels Ltd
Gree Lanka (Pvt) Ltd
James Steuart (Pvt) Limited
Three Fifty at Union (Pvt) Ltd
Waskaduwa Beach Resort PLC

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 Sri Lankan Airlines, later becoming the Chief Executive Officer of its subsidiary, Sri Lankan 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.

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 Citrus Hikkaduwa Hotel. The family has diversified into trading in tea, packaging and warehousing through Corona T Stores Ltd.

Mr. Seneviratne served as the former Managing Director of Corona T Stores Ltd amongst his group of companies. He holds expertise in accounts, administration, logistics and human resources.

He 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

MS. VARUNI .S. FERNANDO

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

Ms. Fernando also serves as Managing Director in many companies including Powerhouse (Pvt) Ltd., the holding company of Sri Lanka's premium entertainment offering, TV Derana and FM Derana. She is also a Director of George Steuart Group, which is the oldest corporate house and one of the largest conglomerates in Sri Lanka, diversified into almost every industry. Her stamp on corporate Sri Lanka is accentuated by her belief that 'Sri Lanka Can', which has been the driving principle behind the Group's ventures.

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

She holds Directorships in Fifty-Four Companies:

Executive Director

Adpack Productions (Pvt) Ltd
Emagewise (Pvt) Ltd
Hammer BTL (Pvt) Ltd
Hardtalk (Pvt) Ltd
Kites Global (Pvt) Ltd
Power House Ltd
Printage (Pvt) Ltd
Sarva Integrated (Pvt) Ltd
Thirty five km (Pvt) Ltd
Triad (Pvt) Ltd (Joint Managing Director)

Non-Executive Director

Asia Commerce Exports (Pvt) Ltd
Asia Commerce Holdings Ltd
Citrus Aqua Limited
Citrus Leisure PLC
Citrus Silver Ltd
Citrus Vacations Limited
Derana Macroentertainment (Pvt) Ltd
Divasa Equity (Pvt) Ltd
Divasa Holdings (Pvt) Ltd
Hammer Digital (Private) Limited
Hammer Engineering Ltd
HVA Beverages (Pvt) Ltd
HVA Farms (Pvt) Ltd
HVA Fine Teas (Pvt) Ltd
HVA Holdings (Pvt) Ltd
HVA Lanka Exports (Pvt) Ltd
HVA Foods PLC
Imageline (Pvt) Ltd
Lake Drive Holdings (Pvt) Ltd
Liberty Publishers (Pvt) Ltd
Mantram (Pvt) Ltd
Spaacs (Pvt) Ltd
Taprobane Street (Pvt) Ltd
Third World Operations (Pvt) Ltd
Triadhot.com (Pvt) Ltd
Waskaduwa Beach Resort PLC
Gree Lanka (Pvt) Ltd
George Steuart Ethicals (Pvt) Ltd
George Steuart and Company Limited
George Steuart Aviation (Pvt) Ltd
George Steuart Travels Limited
George Steuart (Exports) Limited
George Steuart Health (Pvt) Ltd
George Steuart Holidays (Pvt) Ltd
George Steuart Solutions (Pvt) Ltd
George Steuart Industries (Pvt) Ltd
George Steuart Telecom (Pvt) Ltd
George Steuart Insurance Brokers (Pvt) Ltd
George Steuart Investments (Pvt) Ltd
George Steuart Capita (Pvt) Ltd
George Steuart Consumer (Pvt) Ltd
George Steuart Optimize (Pvt) Ltd
George Steuart Education (Pvt) Ltd
George Steuart Recruitment (Pvt) Ltd

Board of Directors

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 synchronized communication solution.

Qualified in both business and engineering, Mr. Ameresekere has extensive local and foreign exposure in diverse areas of business. He holds a Master's Degree in Engineering Management from the University of Southern California, Los Angeles, and a Bachelor's Degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

He holds 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
Agrispice (Private) Limited
Anantya Global Solutions Company Limited
Asia Commerce Holdings Ltd

Ceylon Grid Services (Pvt) Ltd
Citrus LT (Pvt) Ltd
Divasa Equity (Pvt) Ltd
Divasa Real Estate (Pvt) Ltd
Emagewise (Pvt) Ltd
George Steuart Ethicals (Pvt) Ltd
George Steuart Aviation (Pvt) Ltd
George Steuart Capital (Pvt) Ltd
George Steuart Consumer (Pvt) Ltd
George Steuart Education (Pvt) Ltd
George Steuart 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. 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

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 is a Executive Director of Citrus Leisure PLC and Hikkaduwa Beach Resort PLC

He holds directorships in three companies:

Executive Director

Citrus Leisure PLC
Hikkaduwa Beach Resort PLC
Waskaduwa Beach Resort PLC

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis

GLOBAL OVERVIEW

The year 2024 was a year of quiet recovery as the world moved past the peak of the pandemic, although some lingering after-effects were still being felt. Economies were growing again, but at a more muted speed. Global growth hovered around 3.2%, and while some made faster progress, others struggled under the weight of high debt, shifting trade policies and demographic pressures such as ageing populations and shrinking workforces.

On the upside, inflation, which had been a pressing concern for over two years, started to ease. Interest rates, which had been hiked aggressively to cool things down, were finally beginning to come back down in some markets. One of the more visible trends during the year was the retreat from globalisation, for example, major economies reintroduced tariffs, trade routes shifted and cooperation between nations became more fragile. But amid all this economic hesitation, after years of closed borders and cancelled plans, people were travelling again in large numbers. According to the UN World Tourism Organisation, international tourist arrivals reached around 1.4 billion in 2024, almost completely closing the gap with pre-pandemic levels. Europe and the Middle East led the charge, with Africa not far behind. The Americas also bounced back strongly. Rather than rushing through itineraries, many opted for slower, deeper experiences. Wellness retreats, eco-tourism, heritage travel and remote work holidays all saw a surge in interest. During the year, tourism once again became a significant contributor to global earnings and job creation, particularly in countries that rely heavily on travel-related industries.

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 and a recovery to roughly almost at 2019 levels. 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 \$3.17 billion in tourism receipts, compared to \$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 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.

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.

COMPANY PERFORMANCE

Waskaduwa Beach Resort is the flagship property of the Group - a luxurious five-star beachfront resort located along a stunning 400-meter expanse of golden sands on Sri Lanka's west coast. With 150 well-appointed rooms and uninterrupted views of the Indian Ocean, the resort is a sanctuary for leisure and business travellers alike. Guests enjoy contemporary comforts, fine dining, spa indulgences, and easy access to the historic coastal city of Kalutara. Citrus Waskaduwa was honoured with the TripAdvisor Travellers' Choice Awards, recognising its consistent delivery of exceptional guest experiences.

FINANCIAL PERFORMANCE AND OPERATIONAL HIGHLIGHTS

Resilient Market Performance

Waskaduwa Beach Resort, the flagship five-star beachfront resort of the Citrus Group, demonstrated resilience amid an uneven recovery in Sri Lanka's tourism sector. During the financial year under review, the property recorded moderate revenue growth, supported by a targeted focus on leisure travellers from regional markets and domestic tourism during the off-season. The resort maintained a healthy average room rate (ARR), benefiting from its strong brand positioning, luxury amenities and strategic marketing efforts across digital and B2B channels.

Stable Occupancy

Occupancy rates remained steady despite industry-wide volatility, aided by local MICE (Meetings, Incentives, Conferences and Exhibitions) bookings and seasonal holiday traffic. While overall tourist arrivals from key European markets were slower than expected, Indian and Middle Eastern traveller segments provided a buffer in revenue flows. Revenue from F&B operations was stable, with banquet services and weekend dining promotions attracting a consistent clientele.

Operational Efficiency

Operationally, cost management remained a top priority amidst persistent inflationary pressures and elevated energy tariffs. Strategic procurement, energy-saving initiatives and restructured vendor contracts contributed to marginal cost efficiencies. Despite these efforts, bottom-line performance remained constrained due to macroeconomic headwinds and subdued global travel demand.

Guest Experience Enhancements

Nevertheless, Waskaduwa Beach Resort continued to enhance guest experience through minor refurbishments and technology upgrades, including digitalised booking integrations and energy-efficient infrastructure. The hotel's beach frontage and expansive facilities continue to offer a competitive advantage as the destination gradually regains international attention.

FINANCIAL REVIEW

Revenue Growth

For the year ended 31 March 2025, the hotel recorded revenue of Rs. 1.22 billion, reflecting an 11.8% increase from Rs. 1.09 billion in the previous year. Growth was supported by steady inflows from regional leisure markets and strong domestic patronage during off-peak months.

Gross Profit and Margins

Gross profit improved to Rs. 802 million, up from Rs. 681 million in 2024, translating to a gross profit margin of 66% (2024: 62%). The improvement was underpinned by a combination of higher room rates and ongoing cost optimisation measures.

Cost Management

Administrative expenses rose moderately to Rs. 347 million (2024: Rs. 330 million), reflecting inflationary pressures and utility costs, partially offset by energy-saving initiatives and renegotiated vendor contracts.

Average Room Rate and Brand Positioning

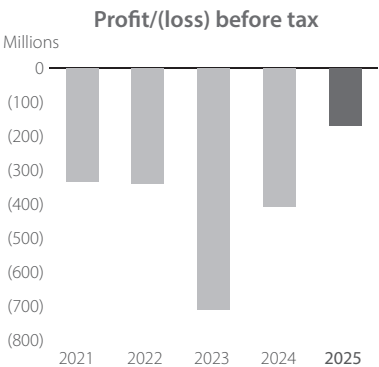
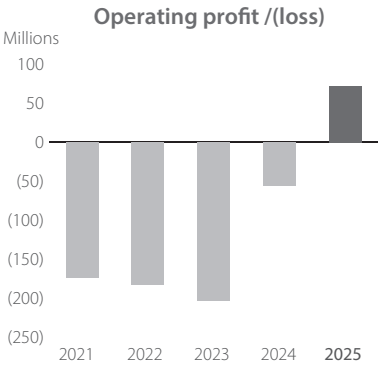
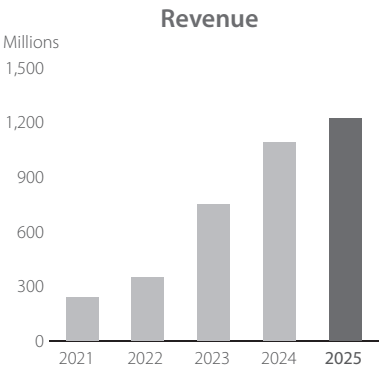
The average room rate (ARR) increased to USD 56 from USD 45 a year earlier, demonstrating the hotel's ability to command a premium through its brand positioning and upgraded amenities.

Occupancy Levels

Occupancy levels remained steady at 67%, marginally higher than the 63% recorded in the previous year, supported by domestic MICE activity and seasonal holiday traffic.

Profitability and Investments

Despite inflationary challenges, the resort maintained healthy profitability ratios, supported by disciplined cost controls and revenue growth. Focused investments in guest experience enhancements, minor refurbishments, and digital booking systems strengthened Waskaduwa Beach Resort's competitive positioning.



Management Discussion and Analysis

STAKEHOLDER ENGAGEMENT

Waskaduwa Beach Resort PLC 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, 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 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 the Company 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
- 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, Company continued its essential staff welfare programmes:

- 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.

Our people strategy continues to evolve in line with the needs of our workforce. In the year ahead, we plan to launch digital HR systems for performance tracking and introduce mentorship programmes for junior staff, reinforcing our belief that employee empowerment leads to sustainable excellence.

FUTURE PLANS

Looking ahead, Company remains focused on driving sustainable growth through strategic marketing, cost optimisation, and continuous service enhancement. With plans to further strengthen our presence in key source markets and capitalise on the recovery of Sri Lanka's tourism sector, we are committed to delivering long-term value to our stakeholders while elevating the guest experience across our properties.

GOVERNANCE & RISK MANAGEMENT

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Corporate Governance

OUR GOVERNANCE FRAMEWORK

Regulatory Framework Assurance

Companies Act No. 7 of 2007

Listing Rules of the Colombo Stock Exchange (CSE)

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

Sri Lanka Accounting Standards (SLFRS/LKAS)

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

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

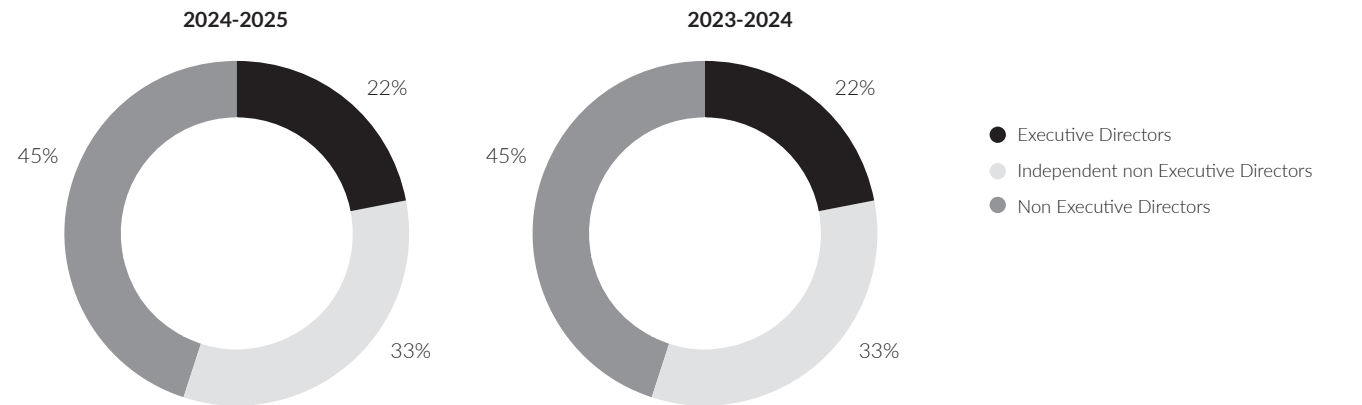
The Board provides strategic leadership and guidance and sets the tone to ensure that the development of the Company is based on values. We believe that our values are the driving force across the Company and is our guiding force for good governance.

BOARD OF DIRECTORS

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

Board composition and Directors Independence as at 31st March 2025.

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



Corporate Governance

DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

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

The Board of Directors further confirm that suitable accounting policies consistently 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 are 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
Varuni Sonali Fernando Amunugama	6/6
Janesh Manoj Bandara Pilimalawwe	6/6
Sharvajana Anandaraj Ameresekere	6/6
Punsisi Lalith Patuwatha Withana	6/6
Samantha Pradeep Samarawickrama Ranatunga (Appointed w.e.f 17.12.2024)	1/1
Priyanka Nirana Mahawatte (Appointed w.e.f. 17.12.2024)	1/1

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"> 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 <p>The Company has published the policies on the Company Website https://www.citrusleisure.com/waskaduwa/citrus-waskaduwa-policies/</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> <ol style="list-style-type: none"> (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee 	The Board appointed, Remuneration Committee, Audit Committee Related Party Transactions Review Committee and Nominations and Governance Committee are functioning effectively.	1st October 2024	Complied

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Chairperson of the Company does not serve as the Chairman of any of the statutory board subcommittees.	1st October 2024	Complied
9.4.1	Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the CSE and/or the SEC.	Records of all shareholder meetings are maintained manually / electronically by the Company Secretary. Copies of these records would be made available to CSE/SEC upon request.	1st October 2023	Complied
9.4.2	Communication and relations with shareholders and investors.	<p>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> <p>i. The positions of the Chairperson and CEO are held by the same individual.</p> <p>ii. The Chairperson is an Executive Director.</p> <p>iii. The Chairperson and CEO are Close Family Members or Related Parties.</p>	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

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.8	Board Composition <ul style="list-style-type: none"> Minimum of 5 Directors Minimum 2 or 1/3 of the directors whichever is high shall be independent directors. 	As of 31st March 2025, there were nine (9) directors, three (3) 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 (1) year from the date of appointment.	There are no Alternate Directors on the Board as of 31st March 2025.	1st January 2024	Complied
9.10.1	Company shall disclose its policy on the maximum number of directorships its 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 in listed Companies are 10 Directorships. 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 continuation 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 3 Directors out of which a minimum of 2 shall be independent <ul style="list-style-type: none"> 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

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.13.1 and 9.13.2	Where the Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee shall additionally perform the Risk Functions set out in the regulations. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Currently there is no separate risk committee formed. The Board has decided to entrust the scope of the Risk Committee to the Audit Committee. There is a written Terms of Reference for the Audit Committee.	1st October 2023	Complied
9.13.3	The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent Directors. 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.	The Audit Committee comprises of three (03) Non-Executive Directors, all of whom are Independent. No Executive Directors are on the Audit Committee. The attendance at the Audit Committee Meetings is given on page 49 of the Annual Report. Audit Committee meet at least once a quarter. There were 06 Audit Committee meetings held during the financial year ended 31st March 2025. The attendance at the Audit Committee Meeting is given on page 49 of the Annual Report.	1st October 2024	Complied
9.13.3 contd.	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. 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. 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.	Chairman of the Audit Committee is an independent Non Executive Director of the Board. CEO and the Group Head of Finance attend the Audit Committee meetings by invitation. 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 49 to 50.	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

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.2	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee.	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
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 four (04) Related Party Transactions Review Committee meetings held during the financial year ended 31st March 2025. The attendance at the Related Party Transactions Review Committee is given on page 44 of the Annual report.	1st October 2023	Complied
9.14.4 contd.	Minutes of meetings are properly documented and communicated to the Board of Directors. The minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis.	Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter.	1st October 2023	Complied
	Members of the RPTRC to ensure they have or have access to adequate knowledge expertise and advice.	Committee seeks expertise and professional knowledge on matters need technical assistance.		
	Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	Such instances did not occur during the financial year.		
	Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter.	Directors of the RPTRC are aware of their obligations		
9.14.5	The Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.	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.		

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.5 contd.	<p>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.</p> <p>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.</p> <p>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.</p>	<p>Management is conversant with their responsibility to furnish required facts and information necessary to review a RPT.</p> <p>Directors are fully aware of their obligations in respect of conflict of interest.</p> <p>Related Party Transactions Review Committee has already set out guidelines deemed necessary for ongoing RPT (if any) after assessing the nature of such transactions.</p>	1st October 2023	Complied
9.14.6	The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations.	During the year, there were no recurrent or non recurrent RPTs that required shareholders' approval by way of a special resolution.	1st October 2023	Not applicable

COMPLIANCE WITH REQUIREMENTS OF RULE 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Listing Rule No.	Subject	Status	Reference
7.6 Contents of Annual Report			
All listed entities must include in its Annual Reports and accounts, inter alia:			
i)	Names of persons who were directors of the entity during the year	Complied	Please refer page 16
ii)	The names and the numbers of shares held by the 20 largest voting and non-voting shareholders and percentages	Complied	Please refer page 101
iii)	The Public Holding percentage	Complied	Please refer page 100
iv)	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 101
v)	Information pertaining to material foreseeable risk factors of the entity	Complied	Please refer pages 35 to 36
vi)	Details of material issues pertaining to employees and industrial relations of the entity	N/A	No material issues pertaining to employees and industrial relations.
vii)	Extents, locations, valuations and other number of buildings of the entity's land holding and investment properties	Complied	Please refer pages on 74 to 78
viii)	Number of shares representing the entity's stated capital	Complied	Please refer page 82
ix)	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 100
x)	Following ratios and market price information.	Complied	
	1. Dividend per share		No Dividend was paid
	2. Dividend pay out		No Dividend was paid
	3. Net asset value per share		Please refer page 98
	4. Market value per share - highest and the lowest value recorded. - Value as at the end of the year		Please refer page 100
xi)	Significant changes in the entity or its subsidiary's fixed asset and the market value of land, if the value differs substantially from the book value	Complied	Please refer Note 12 to 13 the Financial statement on page 74 to 79 of this report
xii)	If during the year the entity has raised funds either through a public issue, Rights Issue and private placement	Complied	Please refer page 82
xiii)	Information in respect of Employee Share Ownership or Stock Option schemes	N/A	
xiv)	Disclosure pertaining to Corporate Governance practices In terms of Section 9 of the Listing Rules	Complied	Please refer pages 17 to 22
xv)	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 page 90

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>Waskaduwa Beach Resort PLC is headed by an effective board, which is responsible for the leadership, stewardship and governance of the Company. The Board of Directors comprises of,</p> <ul style="list-style-type: none"> • Two Executive Directors (ED) • Three Non-Executive Independent Directors (NED/NID) • Four Non-Executive Non-Independent Director (NED/NID)
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"> • Financial and operating results for each quarter. • Key Performance Indicators. • Financial Performance compared to previous periods and budgets. • Forecasts for the future period. • Statutory Compliance. • Management Audit Report and Internal Audit Scope. • Details of Related Party Transactions. • Capital Expenditure Schedules

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Board Responsibilities	A.1.2	Compliant	<p>The Board of Directors of Waskaduwa Beach Resort PLC bears the responsibility for providing strategic direction, achieving objectives, responsible corporate behaviour, risk management, 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 Company's ability to operate successfully, as a Board, we take seriously our responsibility for setting high standards of accountability & ethical behavior. In performing its role, the Board is responsible for,</p> <ul style="list-style-type: none"> • Providing the leadership for formulation and implementation of an effective business strategy, by 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. • Ensuring that the CEO and the Management Team possesses sufficient skills, competencies, experience and knowledge to implement company strategies. • Ensuring that the business practices are in compliance with the laws, regulations and Company's code of ethics. • Establishment of effective internal controls, risk management and business continuity practices, ensuring that the adoption of appropriate accounting policies and compliance with financial regulations and Establishment of a process for Corporate Reporting. • Reviewing, monitoring and taking corrective action with regard to the achievement of the corporate strategies. <p>Key decisions are reserved for the Board's approval and are not delegated to management. These include matters relating to the Company strategy, approval of major acquisitions, disposals, capital expenditure, financial results and overseeing the Company 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>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.</p>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Directors' Independence	A.1.5	Compliant	The objectivity and independent judgment in all decisions of the Directors are established by ensuring that the Board acts unrestrictedly from undue influence of other parties or circumstances.
Adequate time and effort from Directors	A.1.6	Compliant	<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>
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 page 08.
Board Balance	A.5	Compliant	The Board comprises of two Executive Directors and seven Non-Executive Directors out of which three are Independent Directors and four non-independent Directors ensuring that no individual or small group can dominate the Board's decisions.
Non-executive Directors with sufficient caliber	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 seven Non-Executive Directors out of which three are Independent.
Independence of Non-Executive Directors	A.5.3, A.5.4 & A.5.5	Compliant	The presence of Non-executive Independent Directors enables independent 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 6 to 8 of this report.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Alternative Director	A.5.6	Not Applicable	This principal is not applicable as an Alternate Director has not been appointed during the finance 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 as 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 inquiries from industry experts and professionals, senior management, auditors, central internal departments and the Company Secretary for further details and information as and when necessary.
Appointments to the Board	A.7	Compliant	Waskaduwa Beach Resort PLC has a formal and transparent procedure for the appointment of Directors to the Board.
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.
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 105.
Resignation	A.8.3		Refer 'Appointment, Re-election and Resignation of Directors' in the Annual Report of the Board of Directors Page 37.
Appraisal of Board Performance	A.9		Performance of the Board is evaluated from time to time with at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually coordinated by the Company Secretary and overseen by the Chairman.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Annual appraisal of Board performance and declaration of basis of performance	A.9.1, A.9.2, A.9.3 & A.9.4		<p>Every year, the performance review provides the opportunity to reflect on the effectiveness of Board activities, the extent of deliberations, the quality of decisions and each Director's performance and contribution. The Board appraises their own performance based on the following aspects:</p> <ul style="list-style-type: none"> • Strategic planning and risk management. • Effectiveness of decision making. • Succession planning. • Composition, skills, balance, experience and diversity. • Culture and quality of contributions. • Resources of meetings, agenda planning and quality of information and papers. • Corporate Governance, regulatory compliance and support. • Evaluation of individual performance and scope of improvement. • Committee effectiveness and communication to the Board.
Disclosure of information in respect of Directors	A.10	Compliant	Information in respect of Directors is specified in the pages 06 to 08 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.
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>Waskaduwa Beach Resort PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board.</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, 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 46.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Compensation on early termination	B.2.7 & B.2.8	Compliant	Compensation paid on early termination of Directors will be determined based on the initial contract/Articles of Association of the company, where the initial contract does not provide directions for compensation commitments.
Levels of remuneration for Non-executive Directors	B.2.9 / 2.10	Compliant	Non-Executive Directors are paid only on their attendance at meetings.
Disclosure of Remuneration	B.3	Compliant	The remuneration to Directors is disclosed on page 92 under the note 29.3.1 as a part of the financial statements of this report.
Constructive use of the AGM and General Meetings	C.1	Compliant	The Company uses the AGM to effectively communicate and enhance the relationship with shareholders.
Constructive use of the AGM and General Meetings	C.1.1 – C.1.5	Compliant	<p>The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing the voting process at the meeting, and other relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders within the time frame stipulated in the relevant statutes.</p> <p>Separate resolutions shall be proposed for each substantially separate issue, including a resolution for the adoption of the report and the accounts.</p>
Communication with Shareholders	C.2	Compliant	The Board has implemented effective communication with shareholders.
Communication with Shareholders	C.2.1 – C.2.7	Compliant	<p>P W Corporate Secretarial (Pvt) Ltd. functions as Secretaries of the Company, and the shareholders are provided a channel to communicate with the Board/ individual Directors effectively via the Company Secretaries 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>
Major and Material Transactions	C.3	Compliant	Refer the Annual Report of the Board of Directors of the Affairs of the Company on pages 37 to 42.
Balanced and understandable presentation of Financial Statements	D.1.1	Compliant	<p>The Board is responsible for the preparation of Financial Statements that gives a true and fair assessment of the Company's financial, position, performance and prospects, in accordance with the Companies Act No. 07 of 2007, Sri Lanka Financial Reporting Standards (SLFRS)/Sri Lanka Accounting Standards (LKAS) and listing rules of the Colombo Stock Exchange.</p> <p>The Board is conscious of its responsibility to the Shareholders, the Government and the Society at large, in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board, through the Company's administrative and finance divisions, strives to ensure that the businesses of the Company and its subsidiaries comply with the laws and regulations of the country.</p>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
The Board's responsibility on interim and other price sensitive public reports and reports to regulators	D.1.2	Compliant	The Board ensures that the Interim Financial Statements 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> <ul style="list-style-type: none"> a. Compliance with laws and regulations. b. Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007. c. Equitable treatment to shareholders. d. Directors have complied with best practices of Corporate Governance. e. Property, plant and equipment of the Company are reflected at their fair value. f. Appropriateness of the Company's Internal Control system. g. The business is a going concern.
Responsibility of the Board for preparation and presentation of Financial Statements and Statement of Internal Controls	D.1.5	Compliant	The Directors Responsibility is stated on page 43 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 10 to 13)</p> <p>Risk Management (Pages 35 to 36)</p> <p>Corporate Governance (Pages 14 to 34)</p> <p>Stakeholder Relationships (Pages 12 to 13)</p> <p>Financial Performance (Page 11)</p> <p>Prospects for the future (Page 13)</p>
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.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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>Related Party Transactions Review Committee</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 44.</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 & Exchange Commission.</p> <p>A report of the Related Party Transactions Review Committee is given on pages 44 to 45.</p> <p>The Related Party Transactions Review Committee met five (05) 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 29 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	<p>The Board is responsible for formulating and implementing appropriate systems of internal control for the company and in turn assessing its effectiveness. Any internal control system has its inherent limitations. The Board is aware of the inherent limitations and has taken appropriate steps to minimise same.</p>
Disclosure on Risk Assessment and Mitigation	D.2.2	Compliant	<p>The Audit Committee Report and Risk Management Report set in pages 49 to 50 and 35 to 36 respectively explains the risk assessment procedure, including those that would threaten its business model, future performance, solvency and liquidity; and specific risk mitigation strategies.</p>
Internal Audit Function & Audit Committee review of Internal Control System	D.2.3 & D.2.4	Compliant	<p>The Audit Committee oversees the Internal Audit 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.</p>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Responsibilities of the Directors in maintaining a sound system of Internal Controls	D.2.5	Compliant	The "Statement of Director's Responsibility" on page 43 provides the declaration made by Director's 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 49.</p> <p>The Audit committee focuses principally on assisting the Board to fulfill its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function.</p> <p>The Audit committee is assisted by the Internal Audit when required.</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 49 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 49 to 50 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 44.
Effectiveness of the Related Party Transactions Review Committee	D.4.3	Compliant	Refer the Related Party Transaction Review Committee Report for the purpose, responsibilities, authority, scope and objectives of Related Party Transaction Review Committee; set out in pages 44 to 45.
Adoption of Code of Business Conduct & Ethics and Chairman's affirmation	D.5 – D.5.4	To be complied	Adoption of a Code of Business Conduct and Ethics for Directors and members of senior management team is yet to be complied by the Company.
Corporate Governance Disclosure	D.6	Compliant	<p>The Corporate Governance section of the annual report from pages 14 to 34 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>

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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 utilized to enhance the efficiency and the effectiveness of the hotel operations and to enhance the guest experience. Further, the Board investigates on cybersecurity risks that may affect the business. Additionally, IT General and Application controls have been designed and implemented to ensure the security of confidential information.
Chief Information Security Officer (CISO)	G.2	Compliant	The Board has appointed an IT Manager located at the Head Office who is in charge of Cybersecurity Risk Management. IT Manager is a qualified IT professional and possesses necessary competence to ensure the Cybersecurity. IT Manager provides necessary information with regard to Cybersecurity and is responsible for the development of IT Budget and Risk Management policies of the Company, which will subsequently be evaluated and approved by the Board to be implemented.
Board meeting agenda for discussions on cyber risk management.	G.3	Compliant	Relevant risks are setout in the Internal Audit Report and same is reported to the Audit Committee. High risk matters are referred to the Board for further actions.
Effectiveness of the Cybersecurity Risk Management System	G.4	Compliant	An Annual Information Risk Management audit is carried out by an independent third party, and identified issues are reported through the Management Letter.
Disclosure on Cybersecurity Risk Management	G.5	Compliant	Risk Management Report set in pages 35 to 36 provides a detailed explanation of cybersecurity risks faced by Waskaduwa Beach Resort PLC and risk management strategies.
Environment, Society and Governance	H	Compliant	The Company has a policy on Environment, Social and Governance Policy

Corporate Governance

STATEMENT OF COMPLIANCE UNDER SECTION 168 OF COMPANIES ACT NO. 7 OF 2007

Principle	Description	Comment	Compliance Status
Section 168 – Contents of Annual Report			
(1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Notes to the Financial Statements	Complied
(1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Financial Statements	Complied
(1) (c)	Auditors' Report on the Financial Statements and any Group Financial Statements	Independent Auditors' Report	Complied
(1) (d)	Change in accounting policies made during the accounting period	Notes to the Financial Statements	Complied
(1) (e)	Particulars of entries in the interests register made during the accounting period	Annual Report of the Board of Directors	Complied
(1) (f)	Remuneration and other benefits of Directors during the accounting period	Notes to the Financial Statements	Complied
(1) (g)	Total amount of donations made by the Company during the accounting period	Annual Report of the Board of Directors	Complied
(1) (h)	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Board of Directors	Complied
(1) (i)	Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm	Notes to the Financial Statements	Complied
(1) (j)	Particulars of any relationship (other than that of Auditor) which the Auditor has with or any interests which the Auditor has in, the Company or any of its subsidiaries	Annual Report of the Board of Directors	Complied
(1) (k)	Be signed on behalf of the Board by two Directors of the Company	Financial Statements Complied	Complied

Risk Management

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

Risk Management

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">• Offer long-stay discounts and flexible pricing packages.• Strengthen loyalty incentives for repeat guests.• Advocate for national policies supporting travel affordability.
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">• Diversify tourist markets to reduce dependency.• Adjust marketing to focus on resilient segments.• Promote regional and domestic tourism to bridge gaps.
11. Domestic Political Uncertainty	Election-related instability and policy shifts may affect tourism sentiment and investment decisions.	<ul style="list-style-type: none">• Stay fully compliant with all regulatory frameworks.• Maintain business agility and flexible planning.• Engage with stakeholders and industry associations.

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

Waskaduwa Beach Resort will continue to enhance its risk maturity by adopting advanced risk analytics and dashboards, expanding ESG and climate risk integration, strengthening employee risk awareness and maintaining agile responses to evolving threats. The Company 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 Waskaduwa Beach Resort PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company for the financial year ended 31st March 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

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

PRINCIPAL ACTIVITIES

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

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 10 to 13.

FINANCIAL STATEMENTS

The complete Financial Statements of the Company, duly signed by two Directors on behalf of the Board are given on pages 51 to 95.

AUDITORS' REPORT

The Report of the Auditors on the Financial Statements of the Company is given on pages 52 to 54.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 59 to 69 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, which reflect a true and fair view of the state of affairs.

A further statement in this regard is included on page 43.

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 08.

EXECUTIVE DIRECTORS

Mr. P C B Talwatte (Chief Executive Officer)
Mr. S M A De Silva Sugathapala

NON-EXECUTIVE DIRECTORS

Mr. R G Seneviratne
Mrs. Varuni S Fernando
Mr. S A Ameresekere
Mr. J M B Pilimalawwe

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

APPOINTMENTS

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 an 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' 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

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

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 29.3.1 to the Financial Statements on page 92.

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 600,000 as audit fees and Rs 1,926,250 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.

Details of fee payable to the Auditors is set out in Note 08 to the Financial Statements on page 71.

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.3,579,991,156/- representing 936,683,988 ordinary shares (Rs.2,901,702,750/-representing 559,857,096 ordinary shares as at 31st March 2024).

BOARD OF DIRECTORS AND RELEVANT INTEREST IN SHARES

The Board consists of nine Directors, comprising of two (02) Executive Directors and Seven (07) Non-Executive Directors, three (03) of whom are Independent;

Directors' interest in the shares of the Company as at 31st March 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)	Nil	Nil
Mr S M A De Silva Sugathapala	70,192	50,000
Mr. R G Seneviratne	Nil	Nil
Mrs. Varuni S Fernando	Nil	Nil
Mr. S A Ameresekere	Nil	Nil
Mr. J M B Pilimatalawwe	Nil	Nil
Mr. P L P Withana	Nil	N/A
Mr. P N Mahawatte	Nil	N/A

SHAREHOLDERS

There were 4,818 shareholders registered as at 31st March 2025 (3,106 shareholders as at 31st March 2024). The details of distribution are given on page 100 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 100 to 101 under Shareholders' Information.

PUBLIC HOLDING

Information on public holding in terms of the Listing Rules is given on page 100 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, 212 persons were in employment (229 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 Company with the movements during the year are given in financial statements on page 84.

LAND HOLDINGS

The Company's Land holding referred to in Note 13.7 of the Financial Statements comprises of a land of approximately 8.6 acres (1,377.98 perches) which is located in Kudawaskaduwa, Kalutara.

PROPERTY, PLANT & EQUIPMENT

Details and movements of property, plant and equipment are given in Note 13 to the Financial Statements on pages 75 to 79.

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 30 on pages 92 to 95.

DONATIONS

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

DIVIDENDS

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

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 35 to 36.

CONTINGENT LIABILITIES

As Disclosed in Note 27 to the Financial Statement on page 90, there were no contingent liabilities as at the reporting date.

ENVIRONMENTAL PROTECTION

The Company 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 operate in a manner that minimises the detrimental effects on the environment within which the Company 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 34 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) 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

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

could reasonably be constructed to have a bearing on the independence of such Directors, determined that the Three (03) Independent Directors namely Messrs S P S Ranatunga, P N Mahawatte and 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 of rule 9.2 of the listing rule on page 39 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 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 08.

- (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 16

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 the Related Party Transactions Review Committee Nomination Committee and the 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.

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 49 to 50.

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 46.

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 pages 44 to 45.

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. J M B Pilimalawwe
Non-Executive Director

The Report of the Nominations and Governance Committee appears on pages 47 to 48.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programmes, Such as annual Orphanage day outing at the hotel and many clean up programmes were carried out by the Company in religious destinations and beaches.

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 31st 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 Company 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

The totals of recurrent related party transactions did not exceed the threshold 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.

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 :

- (a) Currently, the minimum number of Directors shall not be less than two (02) or more than nine (09). 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.
- (b) 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.
- (c) Additional methods were brought in, to serve notice on shareholders.

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

- (d) 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 105.


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
Corporate 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 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 52 to 54 of the Annual Report.

As per the Sections 150(1), 151 and 152(1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company 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 has 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 Company maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company.

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 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.

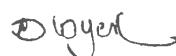
The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

The Financial Statements of the Company has 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 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
Waskaduwa Beach Resort PLC



P W Corporate Secretarial (Pvt) Ltd
Corporate Secretaries

29 August 2025
Colombo

Related Party Transactions Review Committee Report

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee as of 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 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:

Members	Attendance
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.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Role and Responsibilities

The Related Party Transactions Review Committee ("the Committee") is tasked with reviewing all related Party Transactions of the Company and ensuring that it complies with the Listing Rules of the Colombo Stock Exchange (CSE) and other relevant statutes and regulations. The Committee reviews and pre-approves all proposed non-recurrent Related Party Transactions of the Company. Further, the Committee reviews all recurrent Related Party Transactions on a quarterly basis and annually to ensure compliance with the limits and reporting guidelines specified by the Listing Rules of CSE.

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

- Review and pre-approve all non-recurrent related party transactions of the Company prior to approval by the Board of Directors.
- Review all related party transactions to ensure that they are in the best interests of the Company.
- Ensure that all reporting requirements of the CSE Listing Rules and other relevant statutes and regulations are met.
- Update the Board of Directors on the Related Party Transactions of the Company.
- Assess the adequacy of related party reporting systems along with the advice of the External 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 29.1

POLICIES AND PROCEDURES

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

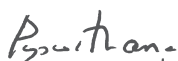
Further, all related party transactions are in accordance with Sri Lanka Accounting Standard 24 (LKAS 24) are disclosed under Note No. 29 to the Financial Statements.

KEY MANAGEMENT PERSONNEL

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

DECLARATION

A Declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on pages 20 (9.14.1), 21 & 22 of the Annual Report.



P L P Withana

Chairman
Related Party Transactions Review
Committee

29 August 2025
Colombo

Remuneration Committee Report

COMPOSITION OF THE COMMITTEE

The Remuneration Committee of Company, 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 Mahawatte
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 sub committee 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.
- Mr. S A Ameresekere, Non-Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024 and reappointed as a Member Of the Committee w.e.f. 17th December 2024.
- Mr. R G Seneviratne Non-Executive Director ceased to be a Member of the Committee w.e.f. 17th December 2024
- Mr. E P A Cooray, 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:

Members	Attendance
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 COMMITTEE REPORT

Remuneration Policy

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

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

Scope

The Committee reviews all significant changes in the corporate sector in determining salary structures and terms and conditions relating to staff at Senior Executive level. In this decision making process, necessary information and recommendations are obtained from the Chief Executive Officer. The Committee

deliberates and recommends to the Board of Directors the remuneration packages and annual increments and bonuses of the Chief Executive Officer, members of the Corporate Management and Senior Executive staff and lays down guidelines for the compensation structure for all Executive staff and overviews the implementation thereof. The Chief Executive Officer who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed.

Fees

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

Professional Advice

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

Committee Evaluation

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



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 is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director. The Members who served on the Committee during the Financial Year 2024/25 are as follows:

Mr. P N Mahawatte
Independent Non-Executive Director
Chairman of the Committee

Mr. S P S Ranatunga
Independent Non-Executive Director
Member

Mr. J M B Pilimalawwe
Non-Executive Director
Member

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

Members	Attendance
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.

Nominations and Governance Committee Report

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 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, nominations and re-election.

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 re-election 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.

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 pages 19 of this Report.



P N Mahawatte
Chairman
Nominations and Governance Committee

29 August 2025
Colombo

Audit Committee Report

COMPOSITION OF THE COMMITTEE

The Audit Committee 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. P N Mahawatte

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 ceased to be a Member from w..e.f. 17th December 2024.
- Mr. S D De Mel, Independent Non-Executive Director ceased be a Member of the Committee w.e.f. 17th December 2024
- Mr. R G Seneviratne, Non Executive Director 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.

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

Members	Attendance
Mr. P L P Withana [from 03.05.2024]	6/6
Mr. S D De Mel [Ceased to be a Member w.e.f. 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 Hotel, 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 Companies Financial Statements and the material financial reporting judgements contained therein.

Audit Committee Report

- Monitoring the effectiveness of the Companies Internal Control and Risk Management Systems.
- Reviewing and monitoring the independence of the External Auditors and the provision of additional services to the Group.
- Advising the Board on the appointment and removal of the External Auditors and the remuneration and terms of engagement of the External Auditors.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The Audit Committee monitors and reviews each year the effectiveness of, and the framework for, the Group's system of control and risk management. The Audit Committee undertook a review of the effectiveness of, and the framework for the Company'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 Company 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 Company 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 Company and the External Auditors.

The Company 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 Company in connection with tax, other services and anticipates that this will continue in 2025/26.

RE-APPOINTMENT OF AUDITORS

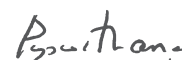
The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment for the financial year ending 31st March 2026, subject to the approval of the shareholders at the next Annual General Meeting. A full breakdown of the audit and non-audit related fees are set out in Note 8 to the Financial Statements on page 71.

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

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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
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Colombo 03, Sri Lanka

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TO THE SHAREHOLDERS OF WASKADUWA BEACH RESORT PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Waskaduwa Beach Resort PLC ("the Company"), which comprise the statement of financial position as at 31 March 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 give a true and fair view of the financial position of the Company 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 Company in accordance with the Code of Ethics for

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

Key audit matters

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

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

Key Audit Matter	How our audit addressed the key audit Matter
Assessment of fair value of land, land improvements and building: Property, Plant and Equipment include land and buildings carried at fair value. This was a key audit matter due to: <ul style="list-style-type: none">Materiality of the reported land, land improvements and building balances which amounted to Rs. 5,382.7 Mn and represents 93% of the total assetsThe degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of land, land improvements and building such as reliance on comparable market transactions. Key areas of significant judgements, estimates and assumptions used in assessing the fair value of the land, land improvements and building, as disclosed in Notes 13, included judgements involved in ascertaining the appropriateness of valuation techniques and estimates such as: <ul style="list-style-type: none">Estimate of per perch price of the landEstimate of the per square foot rate of the buildings	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none">Assessed the competency, capability and objectivity of the external valuer engaged by the CompanyRead the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each propertyAssessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer per perch price of land, per square foot rate of building and valuation techniques as relevant in assessing the fair value of each property.We have also assessed the adequacy of the disclosures made in Notes 13 to the financial statements

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 Shakthivel B.Com (Sp), M U M Mansoor ACA

A member firm of Ernst & Young Global Limited

Key Audit Matter	How our audit addressed the key audit Matter
<p>Interest Bearing Borrowings:</p> <p>As disclosed in note 22 the Company's total interest-bearing loans and borrowings amounted to Rs. 1,824.7 Mn, which represent a significant portion of its total liabilities. The maturities and terms and conditions of such interest-bearing loans and borrowings are disclosed in note 22.2.</p> <p>We selected the interest-bearing loans and borrowings as a key audit matter due to:</p> <ul style="list-style-type: none"> • The materiality of the reported amounts. • Appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the financial statements. 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> • We obtained an understanding of the term of repayments and covenants attached to external borrowings, by reading the loan agreements. • We obtained direct confirmation from financial institutions for outstanding amounts as of the reporting date. • We assessed the maturity profile of the Company's interest-bearing borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements. <p>We have also assessed the adequacy of the disclosures made in note 22 and note 30.4 to the financial statements relating to the interest-bearing loans and borrowings and liquidity risk aspects.</p>

Other information included in the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report



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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.

29 August 2025
Colombo.

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 March	Note	2025 Rs.	2024 Rs.
Revenue	5	1,220,147,112	1,091,134,245
Cost of sales		(418,093,047)	(410,409,397)
Gross profit		802,054,065	680,724,848
Other income and gains	6	2,808,820	2,702,994
Administrative expenses		(346,752,604)	(330,362,344)
Operating expenses		(348,872,293)	(387,233,728)
Selling and marketing expenses		(37,190,613)	(22,114,266)
Operating profit/(loss)		72,047,375	(56,282,496)
Finance cost	7.2	(244,085,413)	(353,447,323)
Finance income	7.1	2,336,074	2,480,326
Loss before tax	8	(169,701,964)	(407,249,493)
Tax (expense)/ reversal	9	521,666	(894,555)
Loss for the year		(169,180,298)	(408,144,048)
Other comprehensive income/(loss)			
Other comprehensive income/ (loss) not to be reclassified to Statement of profit or loss in subsequent periods			
Revaluation gain on land, land improvements and building	21	111,451,637	682,154,404
Deferred tax effect on revaluation of land, land improvements and building	9.2.3	(33,435,491)	(545,569,295)
Actuarial gain/ (loss) on defined benefit plan	23.1	700,313	(1,188,638)
Deferred tax effect on defined benefit plan	9.2.3	(210,094)	356,591
Other comprehensive income for the year, net of tax		78,506,365	135,753,062
Total comprehensive loss for the year, net of tax		(90,673,933)	(272,390,986)
Basic loss per share	10	(0.19)	(0.66)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 59 through 95 form an integral part of these financial statements.

Statement of Financial Position

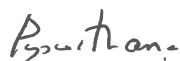
As at 31 March	Note	2025 Rs.	2024 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	13.3	5,500,436,561	5,525,434,518
		5,500,436,561	5,525,434,518
Current assets			
Inventories	15	36,662,290	40,250,581
Trade and other receivables	16	171,329,170	206,865,807
Advances and prepayments	17	22,348,684	8,619,382
Tax receivable	18	304,122	186,174
Cash and cash equivalents	19	59,859,720	48,477,186
		290,503,986	304,399,130
Total assets		5,790,940,547	5,829,833,648
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	20	3,579,991,156	2,901,702,750
Revaluation reserve	21	2,110,253,604	2,032,237,458
Accumulated losses		(3,473,380,309)	(3,304,690,230)
Total equity		2,216,864,451	1,629,249,978
Non-current liabilities			
Interest bearing loans and borrowings	22	1,446,954,070	2,017,294,573
Other payables - related parties	24.3	379,186,983	473,599,178
Deferred tax liability	9.2	902,551,904	869,427,985
Retirement benefit obligation	23.1	10,693,750	10,222,788
		2,739,386,707	3,370,544,524
Current liabilities			
Trade and other payables	24	451,568,750	506,341,164
Interest bearing loans and borrowings	22	377,841,511	307,583,136
Contract liability	25	5,279,128	16,114,846
		834,689,389	830,039,146
Total equity and liabilities		5,790,940,547	5,829,833,648

These financial statements are in accordance with 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. Thalwatte
Director/ CEO

The accounting policies and notes on pages 59 through 95 form an integral part of these financial statements.

29 August 2025
Colombo

Statement of Changes in Equity

	Stated Capital Rs.	Revaluation Reserve Rs.	Accumulated Losses Rs.	Total Rs.
Balance as at 1 April 2023	2,901,702,750	1,895,652,349	(2,895,714,135)	1,901,640,964
Loss for the year	-	-	(408,144,048)	(408,144,048)
Other comprehensive income/(loss)	-	136,585,109	(832,047)	135,753,062
Total comprehensive income/(loss)	-	136,585,109	(408,976,095)	(272,390,986)
Balance as at 31 March 2024	2,901,702,750	2,032,237,458	(3,304,690,230)	1,629,249,978
Balance as at 1 April 2024	2,901,702,750	2,032,237,458	(3,304,690,230)	1,629,249,978
Issue of Shares - during the year	678,288,406	-	-	678,288,406
Loss for the year	-	-	(169,180,298)	(169,180,298)
Other comprehensive income	-	78,016,146	490,219	78,506,365
Total comprehensive income/(loss)	-	78,016,146	(168,690,079)	(90,673,933)
Balance as at 31 March 2025	3,579,991,156	2,110,253,604	(3,473,380,309)	2,216,864,451

The accounting policies and notes on pages 59 through 95 form an integral part of these financial statements.

Statement of Cash Flows

Year Ended 31 March	Note	2025 Rs.	2024 Rs.
Cash flows from / (used in) operating activities			
Net loss before income tax expenses		(169,701,964)	(407,249,493)
Adjustments for :			
Depreciation of property plant & equipment	13.2	148,756,283	161,479,805
Provision for retirement benefit obligation	23.2	3,203,685	3,788,738
Impairment of trade receivables	16.3	(346,057)	-
Finance income	7.1	(2,336,074)	(2,480,326)
Finance cost	7.2	244,085,413	353,447,323
Operating profit before working capital changes		223,661,286	108,986,047
Decrease/(Increase) in Trade & Other Receivables		35,418,689	(142,924,559)
Decrease/(Increase) in Inventories		3,588,291	(8,797,772)
Decrease/(Increase) in Other Non-Financial Assets		(13,729,302)	14,566,182
Increase/(Decrease) in Trade & Other Payables		(54,772,415)	54,935,017
Increase/ (decrease) in contract liabilities		(10,835,718)	1,068,164
Cash generated from operations		183,330,831	27,833,079
Defined benefit plan cost paid	23.1	(2,032,410)	(4,552,880)
Tax paid		-	(235,712)
Finance cost paid		(210,604,908)	(319,157,091)
Net Cash used in operating activities		(29,306,487)	(296,112,604)
Cash flows from/ (used in) investing activities			
Acquisition of property, plant and equipment	13.4	(12,331,237)	(21,054,666)
Finance income received		2,099,958	2,332,321
Net cash flows from/(used in) investing activities		(10,231,279)	(18,722,345)
Cash flows from/ (used in) financing activities			
Repayment of interest bearing loans and borrowings	22.1	(494,405,006)	(19,180,500)
Net Financed from related parties		(127,285,977)	349,074,849
Proceeds from Rights Issue	20	678,288,406	-
Net cash flows from financing activities		56,597,423	329,894,349
Net increase in cash and cash equivalents		17,059,657	15,059,400
Cash and cash equivalents at the beginning of the year		(96,451,448)	(111,510,848)
Cash and cash equivalents at the end of the year (Note A)		(79,391,791)	(96,451,448)
Note A			
Analysis of cash and cash equivalents			
Cash in hand and cash at bank	19	28,494,323	19,211,747
Short term deposits with original maturity less than three months	19	31,365,397	29,265,439
Bank overdrafts	22	(139,251,511)	(144,928,634)
Total cash and cash equivalents		(79,391,791)	(96,451,448)

The accounting policies and notes on pages 59 through 95 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Waskaduwa Beach Resort PLC ("Company") is a Public Limited Liability Company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded.

The registered office of the Company is located at No. 56/1, Kynsey Road, Colombo 8, and the principal place of business is situated at No. 427, Samantara Road, Kudawaskaduwa, Waskaduwa.

1.1 Principal Activities and Nature of Operations

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

1.2 Parent Entity and Ultimate Parent Entity

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

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

1.3 Date of Authorisation for Issue

The Financial Statements of Waskaduwa Beach Resort PLC for the year ended 31 March 2025 were authorised for issue in accordance with the resolution of the Board of Directors on 29th 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 and other comprehensive income, statement of financial position as at 31.03.2025 statement of changes in equity and the statement of cash flows

for the year 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 financial statements have been prepared on the historical cost basis, except for the 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.

The 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.

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 Company and the appropriateness of the use of the going concern basis. The Company evaluated the resilience of its businesses by considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment, and the amount of undrawn borrowing facilities, and potential sources of financing facilities.

Having evaluated Company by the Board of Directors, and after due consideration of the range

and likelihood of outcomes, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

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

- Expected to be 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 Company classifies all other liabilities as non-current.
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Financial Statements

b) Fair value measurement

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

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

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required

to be remeasured or re-assessed as per the Company's accounting policies.

For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

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

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

Fair value measurement	Disclosure Notes
Disclosures for valuation methods, significant estimates and assumptions	Notes 13.7
Quantitative disclosures of fair value measurement hierarchy	Note 12
Property, plant and equipment under revaluation model	Note 13
Financial Instruments (Including those carried at amortized cost)	Note 11

<p>c) Revenue</p> <p>(i) Revenue from contracts with customers</p> <p>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.</p> <p>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.</p> <ul style="list-style-type: none"> 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. <p>Contract liabilities</p> <p>A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).</p> <p>Contract liabilities are recognised as revenue when the Company performs under the contract.</p> <p>The Company recognises advanced received for future booking as contract liabilities which has been disclosed under current liabilities in the statement of financial position.</p>	<p>(ii) Interest income</p> <p>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.</p> <p>Interest income is included in finance income in the Statement of Profit or Loss.</p> <p>(iii) Rental income, other income and gains</p> <p>Rental income, other income and gains are recognised in the statement of profit or loss as it accrues.</p> <p>(iv) Gains and losses on disposal of assets</p> <p>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.</p> <p>d) Taxes</p> <p>Current income tax</p> <p>Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.</p>	<p>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.</p> <p>Deferred tax</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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Notes to the Financial Statements

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

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

Sales tax

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

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

e) Foreign currencies

The Company's financial statements are presented in Sri Lanka Rupees, which is also the parent company's functional currency. The Company determines

the functional currency and items included in the financial statements of the Company are measured using that functional currency.

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

f) Cash dividend

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

A corresponding amount is recognised directly in equity.

g) Property, plant and equipment

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

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

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

Lands are measured at fair value less accumulated impairment losses recognised at the date of revaluation. Buildings are measured at fair value less accumulated depreciation and accumulated impairment losses recognised after the date of revaluation. Revaluation of land and buildings are done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and it is undertaken by professionally qualified valuers. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is 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	6-40 Years
Furniture and Fittings	6 Years
Entertainment Equipment and Security Equipment	4 Years
Machinery and Other Equipment	10 Years
Electrical Fittings and Equipment	10 Years
Furnishing and Linen	3 Years
Kitchen Utensils and Other Equipment	10 Years
Air Condition System	15 Years
Crockery, Cutlery and Glassware	3 Years
Motor Vehicles	5 Years
Generator and Transformers	15 Years
Computers and Hardware	3 Years

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

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 them relevant asset category in property, plant and equipment when the asset is completed and available for

use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

h)

Borrowing costs

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

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i)

Intangible assets

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

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;

Asset	Years
Web Site	Over 3 Years
Computer Software	Over 3 Years

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

j)

Financial instruments – initial recognition and subsequent measurement

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

i.

Financial assets

Initial recognition and measurement

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

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

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

Notes to the Financial Statements

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

and

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

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

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

Financial assets at fair value through profit or loss

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

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

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

De-recognition

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

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the

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

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

Impairment of financial assets

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

Disclosures for significant

Assumptions	Note 04
Financial assets	Note 11
Trade receivables	Note 16

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

For trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on

its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

ii)

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Notes to the Financial Statements

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

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

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

De-recognition

A financial liability is de-recognised 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

k) Inventories

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

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

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

l) Impairment of non-financial assets

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

Calculation of recoverable amount

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

Impairment / Reversal of impairment

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant

risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from the date of acquisition) are also treated as cash equivalents.

n) **Provisions**
General

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

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

Employee Benefits

Defined Contribution Plans

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

by employees. The Company contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively

Defined Benefit Plans

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

Current service cost and interest cost are 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 defined retirement benefit obligations are given in note 23. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

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

Short-term Benefits

Short-term employee benefit obligations are measured on

an undiscounted basis and are expensed as the related service is provided.

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 Company 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 Company's Financial Statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Disclosure	Note
Capital management	31
Financial instruments risk management and policies	30
Sensitivity analyses and disclosures	23.5 and 30.3

Notes to the Financial Statements

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market Notes to the Financial Statements Year ended 31 March 2025 changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (pension benefits)

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

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

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

Further details about pension obligations are provided in Note 23.

Provision for expected credit losses of trade receivables

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

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

Recoverability of Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available

against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Performance obligations and significant judgements

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

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

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

Fair value of freehold land and buildings

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

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

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

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

Notes to the Financial Statements

5 REVENUE

5.1 Revenue from contracts with customers

Year Ended 31 March	2025	2024
	Rs.	Rs.
Hotel income (Note 5.1.1)	1,220,147,112	1,091,134,245
	1,220,147,112	1,091,134,245

5.1.1 Segmentation of the revenue

Year Ended 31 March	2025	2024
	Rs.	Rs.
Rooms revenue	632,282,272	526,866,272
Food revenue	330,546,977	316,891,517
Beverage revenue	64,398,891	71,641,235
Banquet revenue	185,308,430	169,958,222
Laundry revenue	561,995	859,642
Spa revenue	7,048,547	4,917,357
	1,220,147,112	1,091,134,245

5.1.2 Timing of Revenue Recognition

Year Ended 31 March	2025	2024
	Rs.	Rs.
Services transferred over time	632,282,272	526,866,272
Services transferred at a point of time	587,864,840	564,267,973
	1,220,147,112	1,091,134,245

6 OTHER INCOME AND GAINS

Year Ended 31 March	2025	2024
	Rs.	Rs.
Shop Rent Income	367,999	324,700
Other sundry income	2,440,821	2,378,294
	2,808,820	2,702,994

7 FINANCE COSTS AND INCOME

7.1 Finance Income

Year Ended 31 March	2025	2024
	Rs.	Rs.
Interest income on fixed deposits and savings accounts	2,336,074	2,480,326
	2,336,074	2,480,326

7.2 Finance Cost

Year Ended 31 March	2025	2024
	Rs.	Rs.
Interest expense on bank overdrafts	14,969,134	23,290,717
Interest expenses on bank loans	195,742,497	295,866,374
Interest on related party payables	32,873,782	33,790,232
Mortgage fee	500,000	500,000
	244,085,413	353,447,323

8 LOSS BEFORE TAX

Year Ended 31 March	2025 Rs.	2024 Rs.
Loss before tax is stated after charging all the expenses including following:		
Costs of defined employee benefits		
- Salaries and wages	113,152,330	101,533,965
- Defined benefit plan costs - gratuity	3,203,685	3,788,738
- Defined contribution plan costs - EPF and ETF	16,946,939	15,223,418
Depreciation	148,756,285	161,479,805
Impairment of trade receivables	346,057	-
Business Promotions & Advertising cost	17,062,755	11,515,935
Directors' Fee	988,899	-
Auditors' remuneration		
- Statutory audit fee	600,000	507,150
- Non audit fee	1,926,250	111,320

9 TAX EXPENSE

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

Year Ended 31 March	2025 Rs.	2024 Rs.
Current income tax		
Current income tax charge on other sources of income (Note 9.1)	-	-
	-	-
Deferred tax expenses		
Deferred tax expenses /(reversal) (Note 9.2.2)	(521,666)	894,555
Income tax expense reported in the statement of profit or loss	(521,666)	894,555

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

Year Ended 31 March	2025 Rs.	2024 Rs.
Accounting loss before income tax	(169,701,964)	(407,249,493)
Add: Aggregate disallowed items	157,383,105	165,532,654
Less: Aggregate allowable items	(23,237,910)	(281,810,006)
Less: Non business income	(2,336,074)	(2,480,326)
Less: Non taxable income	(1,632,556)	(703,194)
Business loss (Note 9.1.1)	(39,525,399)	(526,710,365)
Other sources of income		
Interest income	2,336,074	2,480,326
Total statutory income	2,336,074	2,480,326
Tax losses deducted against other sources of income	(2,336,074)	(2,480,326)
Total taxable income	-	-
Income tax on other sources of income at 30%	-	-

Notes to the Financial Statements

9.1.1 Income tax rates

Hotel Operations

Pursuant to agreement dated 19 March 2012, entered into with Board of Investments of Sri Lanka under section 17 of the Board of Investment Law No. 04 of 1978, the provision of the Inland Revenue No. 24 of 2017 relating to the imposition, payment and recovery of income tax in respect of the profit and income of the company shall not apply for a period of twelve (12) years reckoned from the year of assessment 2016/2017 to 2028/2029.

Other income and gains

Income from other sources are taxed at the rate of 30%.(2023/24 : 30%)

9.1.2 The taxable loss in Note 9.1. can not be claimed nor carried forward since the company enjoys a tax exemption.

9.2 Deferred tax liability

9.2.1 Statement of financial position

Year Ended 31 March	2025 Rs.	2024 Rs.
At the beginning of the year	869,427,985	323,320,726
Recognised in profit or loss	(521,666)	894,555
Recognised in other comprehensive income	33,645,585	545,212,704
At the end of the year	902,551,904	869,427,985
Net deferred tax liability relate to the following:		
Defined benefit obligation	(3,208,125)	(3,066,836)
Capital allowances for tax purpose	1,365,628	1,535,911
Revaluation of land,land improvements and building	904,394,401	870,958,910
Net deferred tax liability	902,551,904	869,427,985

9.2.2 Statement of profit or loss

Year Ended 31 March	2025 Rs.	2024 Rs.
Deferred tax expense/ (reversal) arising from		
- Capital allowances for tax purpose	(170,283)	998,873
- Retirement Benefit Obligation	(351,383)	(104,318)
Total deferred tax expense/ (reversal) for the year	(521,666)	894,555

9.2.3 Statement of other comprehensive income

Year Ended 31 March	2025 Rs.	2024 Rs.
Deferred tax expense/ (reversal) arising from		
- Defined benefit obligation	210,094	(356,591)
- Revaluation of land, land improvements and building	33,435,491	545,569,295
Total deferred tax expense for the year	33,645,585	545,212,704

9.2.4 Deferred tax charge/(reversal) recognised through;

Year Ended 31 March	2025 Rs.	2024 Rs.
Statement of Profit or Loss		
Charge/(reversal) arising on during the year movement	(521,666)	75,402
Charge/(reversal) due to change in tax rates	-	819,153
	(521,666)	894,555
Other Comprehensive Income		
Charge arising on during the year movement	33,645,585	204,289,730
Charge due to change in tax rates	-	340,922,974
	33,645,585	545,212,704

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

Year Ended 31 March	2025 Rs.	Adjusted 2024 Rs.
Amount used as the numerator:		
Net loss for the year	(169,180,298)	(408,144,048)
Number of ordinary shares used as denominator:		
Number of ordinary shares outstanding as at reporting date	936,683,398	559,857,096
Weighted average number of ordinary shares in issue	910,498,733	622,460,925
Basic loss per share	(0.19)	(0.66)

Notes to the Financial Statements

11 FINANCIAL INSTRUMENTS

11.1 Financial assets and liabilities by categories

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

Year Ended 31 March	2025		2024	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Trade and other receivables (Note 16)	-	171,329,170	-	206,865,807
Short term bank deposit (Note 19.1)	-	31,365,397	-	29,265,439
	-	202,694,567	-	236,131,246

Year Ended 31 March	Fair value through profit or loss	Other financial liabilities	Fair value through profit or loss	Other financial liabilities
	Rs.	Rs.	Rs.	Rs.
Financial liabilities				
Interest bearing loans and borrowings (Note 22)	-	1,824,795,581	-	2,324,877,709
Trade and other payables (Note 24)	-	830,755,491	-	881,986,043
	-	2,655,551,072	-	3,206,863,752

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

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

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

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

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

12 FAIR VALUE MEASUREMENT

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

As at 31 March			2025			Total fair value
Assets measured at fair value	Note	Date of Valuation	Fair Value measurement using			
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
			Level 1	Level 2	Level 3	
			Rs.	Rs.	Rs.	
Non-financial assets						
Property, plant & equipment						
- Freehold land and land improvements	(Note 13)	31 March 2025	-	-	1,410,380,000	1,410,380,000
- Buildings	(Note 13)	31 March 2025	-	-	3,972,418,812	3,972,418,812
			-	-	5,382,798,812	5,382,798,812

As at 31 March			2024			Total fair value
Assets measured at fair value	Note	Date of valuation	Fair value measurement using			
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
			Level 1	Level 2	Level 3	
			Rs.	Rs.	Rs.	Rs.
Non-financial assets						
Property, plant & equipment						
- Freehold land and land improvements	(Note 13)	31 March 2024	-	-	1,410,380,000	1,410,380,000
- Buildings	(Note 13)	31 March 2024	-	-	3,972,418,812	3,972,418,812
			-	-	5,382,798,812	5,382,798,812

13 PROPERTY, PLANT AND EQUIPMENT

13.1 Gross carrying amounts

	Balance As at 01.04.2024	Additions	Disposals	Revaluation	Adjustment on Revaluation	Balance As at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost / valuation						
Freehold land and land improvements	1,410,380,000	-	-	-	-	1,410,380,000
Buildings	3,972,418,812	-	-	111,451,637	(111,451,637)	3,972,418,812
Motor vehicle	1,150,766	-	-	-	-	1,150,766
Computer and hardware	21,129,096	1,394,324	-	-	-	22,523,420
Machinery and other equipment	136,927,455	708,300	-	-	-	137,635,755
Electrical fittings and equipment	83,292,232	1,112,372	-	-	-	84,404,604
Kitchen, bar utensils and other equipment	128,764,323	467,362	(1,018,051)	-	-	128,213,634
Entertainment and security equipment	71,814,600	324,812	-	-	-	72,139,412
Air condition systems	187,096,226	-	-	-	-	187,096,226
Furniture and fittings	196,386,779	1,016,339	-	-	-	197,403,118
Furnishing and linen	68,282,209	6,305,746	-	-	-	74,587,955
Cutlery crockery and glassware	9,925,432	744,040	-	-	-	10,669,472
Generator and transformers	55,631,172	257,942	-	-	-	55,889,114
Total gross carrying amount	6,343,199,102	12,331,237	(1,018,051)	111,451,637	(111,451,637)	6,354,512,288

Notes to the Financial Statements

13.2 Depreciation

	Balance As at 01.04.2024 Rs.	Charge for the Year Rs.	Disposals Rs.	Adjustment on Revaluation Rs.	Balance As at 31.03.2025 Rs.
At Cost/ Valuation					
Buildings	-	111,451,637	-	(111,451,637)	-
Motor vehicle	1,150,766	-	-	-	1,150,766
Computer and hardware	19,858,819	978,446	-	-	20,837,265
Machinery and other equipment	127,208,322	3,642,807	-	-	130,851,129
Electrical fittings and equipment	74,662,186	2,743,371	-	-	77,405,557
Kitchen, bar utensils and other equipment	122,172,055	3,693,474	(993,506)	-	124,872,023
Entertainment and security equipment	63,660,659	3,988,220	-	-	67,648,879
Air condition systems	117,902,933	12,473,082	-	-	130,376,015
Furniture and fittings	193,943,487	1,097,712	-	-	195,041,199
Furnishing and linen	62,669,070	4,265,026	-	-	66,934,096
Cutlery crockery and glassware	8,441,426	709,523	-	-	9,150,949
Generator and transformers	26,094,864	3,712,985	-	-	29,807,849
Total depreciation	817,764,587	148,756,283	(993,506)	(111,451,637)	854,075,727

13.3 Net book values

	2025 Rs.	2024 Rs.
At Cost/ Valuation		
Freehold land and land improvements	1,410,380,000	1,410,380,000
Buildings	3,972,418,812	3,972,418,812
Computer and hardware	1,686,155	1,270,278
Machinery and other equipment	6,784,626	9,719,134
Electrical fittings and equipment	6,999,047	8,630,046
Kitchen, bar utensils and other equipment	3,341,611	6,592,268
Entertainment and security equipment	4,490,533	8,153,942
Air condition systems	56,720,211	69,193,293
Furniture and fittings	2,361,919	2,443,292
Furnishing and linen	7,653,859	5,613,139
Cutlery crockery and glassware	1,518,523	1,484,006
Generator and transformers	26,081,265	29,536,309
Total carrying amount of property, plant & equipment	5,500,436,561	5,525,434,518

- 13.4 During the Financial year, the company acquired Property, plant & equipment to an aggregate value of Rs.12,331,237/- (2024- Rs.21,054,666/-) . Cash payments amounting to Rs.12,331,237/- (2024 - Rs.21,054,666/-) were made during the year for the purchase of Property, Plant and Equipment.
- 13.5 Property, plant and equipment includes fully depreciated assets having a gross carrying amount of Rs.640,264,667/- (2024 -Rs.358,211,987/-), that consisted of individually insignificant items.
- 13.6 The land and buildings belonging to Waskaduwa Beach Resorts PLC, situated at No. 427, Samanthara Road, Kudawaskaduwa, Kaluthara were revalued by Mr. T. M. H. Mutaliph D.I.V - F.P (CTC - Sri Lanka), Chartered Valuer as at 31 March 2025, who has recent experience in valuing properties of similar location and category. 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.

13.7 Valuation technique, inputs and relationship with fair value

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

Valuation date 31 March 2025

Location	Extent Perch	Valuation Date	Valuation technique	Significant unobservable input : price per perch/ acre/ range	Fair Value measurement using significant unobservable inputs (Level 3) Rs.
Waskaduwa Land	1,377.98	31-Mar-25	Open market value method	Rs.1,000,000 per perch	1,377,980,000
Land improvements	-	31-Mar-25	This method considers the selling price of a similar property within a reasonably recent period of time in the determining the value of property being revalued. This involves evaluation of recent active market price of similar assets,making appropriate adjustments for difference in size, nature and location of the property.		32,400,000

Notes to the Financial Statements

Location	Room area Sq.ft	Other Sq.ft	Valuation technique	Significant unobservable input : price per Sq.ft.		Fair Value measurement using Significant unobservable inputs (Level 3)
				Room Area	Other Area	Rs.
Building Waskaduwa						
Ground floor	14,912	75,366	Depreciated replacement cost *	Rs.27,500 per Sq.ft	Rs.16,750 per Sq.ft	1,672,460,500
First floor	16,776	54,132	Depreciated replacement cost *	Rs.27,500 per Sq.ft	Rs.7,000 per Sq.ft	840,264,000
Second floor	16,776	15,127	Depreciated replacement cost *	Rs.27,500 per Sq.ft	Rs.7,750 per Sq.ft	578,574,250
Third floor	16,776	12,115	Depreciated replacement cost *	Rs.27,500 per Sq.ft	Rs.8,500 per Sq.ft	564,318,311
	8,511	-	Depreciated replacement cost *	Rs.20,000 per Sq.ft	-	170,220,000
Roof Top and Other	-	3,701	Depreciated replacement cost *		Rs.3,750 per Sq.ft	13,878,750
passage	-	29,558	Depreciated replacement cost *		Rs.3,500 per Sq.ft	103,453,000
Swimming pool		450	Depreciated replacement cost *		Rs.65,000 per Sq.ft	29,250,000

* The depreciated replacement cost 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.

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

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

Year Ended 31 March	Cost	Cumulative Depreciation if assets were carried at cost	Net Carrying Amount 2025	Net Carrying Amount 2024
	Rs.	Rs.	Rs.	Rs.
Class of assets				
Land	627,141,368	-	627,141,368	627,141,368
Building	2,601,128,428	691,963,854	1,909,164,574	1,495,108,494
	3,228,269,796	691,963,854	2,536,305,942	2,122,249,862

13.9 Impairment Assessment of Property, Plant and Equipment

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

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

Year Ended 31 March	2025 Rs.	2024 Rs.
Discount rate :	12.49%	12.73%
Terminal growth rate :	4.00%	3.00%
Price per perch of land	Rs.1,000,000	Rs.1,000,000
Rate per square feet of building	Rs.3,500 Rs.27,500	Rs.3,500 Rs.27,500

14 INTANGIBLE ASSETS

Year Ended 31 March	2025			2024
	Website Rs.	Software Rs.	Total Rs.	Total Rs.
Cost				
At the beginning of the year	1,067,583	1,243,091	2,310,674	2,310,674
Acquisitions during the year	-	-	-	-
At the end of the year	1,067,583	1,243,091	2,310,674	2,310,674
Amortization				
At the beginning of the year	1,067,583	1,243,091	2,310,674	2,310,674
Amortization for the year	-	-	-	-
At the end of the year	1,067,583	1,243,091	2,310,674	2,310,674
Carrying amount	-	-	-	-

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

15 INVENTORIES

Year Ended 31 March	2025 Rs.	2024 Rs.
Food & beverage	22,153,000	22,436,174
Housekeeping & Maintenance	6,917,744	6,021,219
Other stocks	7,591,546	11,793,188
	36,662,290	40,250,581

No impairment were recognised on the inventories.

Notes to the Financial Statements

16 TRADE AND OTHER RECEIVABLES

Year Ended 31 March	2025 Rs.	2024 Rs.
Trade debtors - Others	154,156,460	194,577,609
- Related parties (Note 16.1)	12,068,374	8,617,742
	166,224,834	203,195,351
Less: Impairment for trade debtors (Note 16.3)	(5,619,365)	(5,965,422)
	160,605,469	197,229,929
Other debtors - Others	10,723,701	9,635,878
Current trade and other receivables	171,329,170	206,865,807

16.1 Trade debtors - related parties

Year Ended 31 March		2025 Rs.	2024 Rs.
	Relationship		
Triad (Pvt) Ltd.	Affiliate Company	308,782	-
George Steuart Health (Pvt) Ltd.	Affiliate Company	4,480,550	1,160,000
Power House Limited	Affiliate Company	267,742	1,053,574
George Steuart Solutions (Pvt) Ltd.	Affiliate Company	1,068,187	424,262
Liberty Publishers (Pvt) Ltd.	Affiliate Company	570,000	570,000
George Steuart Company (Pvt) Ltd.	Affiliate Company	-	36,793
George Steuart Engineering (Pvt) Ltd.	Affiliate Company	5,373,113	5,373,113
		12,068,374	8,617,742

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

	Neither past due nor impaired			Past due			
	< 30 Days Rs.	31 - 60 Days Rs.	61 - 90 Days Rs.	91 - 180 Days Rs.	181-365 Days Rs.	>365 Days Rs.	Total
2025							
Trade debtors	69,118,794	79,231,215	10,388,672	272,170	3,709,381	3,504,602	166,224,834
Less: Impairment for trade debtors	-	-	-	-	(2,114,763)	(3,504,602)	(5,619,365)
	69,118,794	79,231,215	10,388,672	272,170	1,594,618	-	160,605,469
2024							
Trade debtors	69,490,945	78,647,024	35,355,483	1,868,850	3,244,289	14,588,760	203,195,351
Less: Impairment for trade debtors	-	-	-	-	-	(5,965,422)	(5,965,422)
	69,490,945	78,647,024	35,355,483	1,868,850	3,244,289	8,623,338	197,229,929

16.3 Impairment for trade debtors

Year Ended 31 March	2025	2024
	Rs.	Rs.
As at beginning of the year	5,965,422	5,965,422
Charge for the year	(346,057)	-
As at end of the year	5,619,365	5,965,422

17 ADVANCES AND PREPAYMENTS

Year Ended 31 March	2025	2024
	Rs.	Rs.
Advances	15,102,730	790,500
Prepayments	7,027,874	7,610,802
Deposits	218,080	218,080
	22,348,684	8,619,382

18 TAX RECEIVABLE

Year Ended 31 March	2025	2024
	Rs.	Rs.
WHT receivable	304,122	186,174
	304,122	186,174

19 CASH AND CASH EQUIVALENTS

Year Ended 31 March	2025	2024
	Rs.	Rs.
19.1 Favourable balances		
Short term bank deposit (Note 19.3)	31,365,397	29,265,439
Cash at bank	4,272,415	3,446,698
Cash in hand	24,221,908	15,765,049
	59,859,720	48,477,186
19.2 Unfavourable balances		
Bank overdraft	(139,251,511)	(144,928,634)
Total cash and cash equivalents for the purpose statement of cashflow	(79,391,791)	(96,451,448)

Notes to the Financial Statements

19.3 Short term bank deposit

Year Ended 31 March	Credit Rating	2025 Rs.	2024 Rs.
Sampath Bank PLC	AA-(Ika)	31,365,397	29,265,439
		31,365,397	29,265,439

20 STATED CAPITAL

Year Ended 31 March	2025		2024	
	Number	Rs.	Number	Rs.
At the beginning of the year	559,857,096	2,901,702,750	559,857,096	2,901,702,750
Shares issued - during the year	376,826,892	678,288,406	-	-
At the end of the year	936,683,988	3,579,991,156	559,857,096	2,901,702,750

Rights Issue - 2024

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

The Company has raised a sum of Rs.678,288,406/- by way of a Rights Issue of 376,826,892 Ordinary Voting Shares in the proportion of Thirty Five (35) New Ordinary Share for every Fifty Two (52) Ordinary Shares held by the holders of Ordinary Voting Shares in the Company as at end of Trading on 4th April 2024 at a consideration of Rs. 1.80 per share, which concluded on 6th May 2024.

Accordingly, the Stated Capital of the Company has increased from Rs.2,901,702,750/- represented by 559,857,096 Ordinary Shares to Rs.3,579,991,156/- represented by 936,683,988 Ordinary Shares, subsequent to the Rights Issue of shares and the said Shares was listed on the Colombo Stock Exchange on 22nd May 2024.

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

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 the funds are the funds invested (eg. Whether lent to related parties)
1	Settle part of outstanding related party loans of the company borrowed from Hikkaduwa Beach Resort PLC	342,427,902.00	Immediately Upon allotment of shares under the Rights issue of the Company	342,427,902.00	50%	342,427,902.00	100%	N/A
2	Retire an amount equivalent to Rs.335,860,503.66 of non related party loan of Sampath Bank	335,860,503.66	within a period of 01 month from the allotment of shares under the Rights issue of the Company	335,860,503.66	50%	335,860,503.66	100%	N/A

Notes to the Financial Statements

21 REVALUATION RESERVE

Nature and purpose of the reserve

Revaluation reserve is used to record increments and decrements on the revaluation of lands and buildings of the company. In the event of a sale or disposal of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy note 2.2 (g) for details.

Year Ended 31 March	2025	2024
	Rs.	Rs.
Revaluation reserve at the beginning of the year	2,032,237,458	1,895,652,349
Surplus on revaluation of land,land improvements and building (Note 13.1)	111,451,637	682,154,404
Deferred tax effect on revaluation of land,land improvements and building	(33,435,491)	(545,569,295)
Revaluation reserve at the end of the year	2,110,253,604	2,032,237,458

22 INTEREST BEARING LOANS AND BORROWINGS

Year Ended 31 March	2025	2024
	Rs.	Rs.
Current interest -bearing loans and borrowings		
Bank loans (Note-22.1)	238,590,000	162,654,502
Bank overdraft (Note 19.2)	139,251,511	144,928,634
	377,841,511	307,583,136
Non-current interest -bearing loans and borrowings		
Bank loans (Note 22.1)	1,446,954,070	2,017,294,573
	1,446,954,070	2,017,294,573
Total interest-bearing loans and borrowings	1,824,795,581	2,324,877,709

22.1 Long term loans

Year Ended 31 March	2025	2024
	Rs.	Rs.
At the beginning of the year	2,179,949,076	2,199,129,575
Repayments during the Year	(494,405,006)	(19,180,500)
At the end of the year	1,685,544,070	2,179,949,075
Current	238,590,000	162,654,502
Non Current	1,446,954,070	2,017,294,573
	1,685,544,070	2,179,949,075

22.2 Security and repayment terms

Lender	Nature of facility	Interest Rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of assets pledged	
					2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the Fixed Deposits + applicable margin percentage payable	On demand	Overdraft agreement for Rs. 20,500,000/- & Lien over funds lying to the credit of fixed deposits in the name of the company and Letter of Set -off	9,397,512	19,811,507	31,365,848	29,124,835
					75,880,200	75,841,802	5,382,798,812	5,382,798,812
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	808,160,000	844,400,000	5,382,798,812	5,382,798,812

Notes to the Financial Statements

Lender	Nature of facility	Interest Rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of assets pledged	
					2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Sampath Bank PLC	Moratorium Loan Facility	AWPLR+Margin p.a. payable monthly	60 Monthly Instalments	"Loan agreement for Rs. 519,649,104.85/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa	360,114,070	519,649,105	5,382,798,812	5,382,798,812
Sampath Bank PLC	Term Loan Facility	AWPLR+Margin p.a. payable monthly	120 Monthly Instalments	Loan agreement for Rs. 540,500,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa	517,270,000	540,500,000	5,382,798,812	5,382,798,812
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	49,715,558	49,275,325	233,287,500	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	-	4,774,502	-	233,287,500

23 POST-EMPLOYMENT BENEFIT OBLIGATION

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation (DBO) is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 'Employee Benefits'. Such actuarial valuations is carried out every year.

The liability is not externally funded. All Actuarial gains or losses are recognised under other comprehensive income. 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. When the benefits or plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in income statement. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

23.1 Retirement Benefit Obligation

Year Ended 31 March	2025	2024
	Rs.	Rs.
As at beginning of the year	10,222,788	9,798,292
Current service cost	1,976,950	1,535,131
Interest cost	1,226,735	2,253,607
Actuarial (gain)/ loss arising from changes in assumptions	(700,313)	1,188,638
Payments made during the year	(2,032,410)	(4,552,880)
As at end of the year	10,693,750	10,222,788

23.2 Following amounts are recognised in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

Year Ended 31 March	2025	2024
	Rs.	Rs.
Expense recognised in profit or loss		
Current service cost	1,976,950	1,535,131
Interest cost	1,226,735	2,253,607
	3,203,685	3,788,738
Actuarial (Gain)/Loss recognised directly in OCI	(700,313)	1,188,638

23.3 Maturity profile of the defined benefit obligation

Year Ended 31 March	2025	2024
	Rs.	Rs.
Within the next 12 months	2,626,993	1,987,781
Between 1-2 Years	3,423,181	3,004,164
Between 3-5 Years	3,056,350	2,620,043
Between 6-10 Years	1,310,584	1,952,041
Beyond 10 Years	276,642	658,759
Total	10,693,750	10,222,788

23.4 Principle assumptions used for actuarial valuation,

Messrs. Actuarial & Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the Projected Unit Credit Method as at 31 March 2025. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Notes to the Financial Statements

Year Ended 31 March	2025	2024
Discount rate assumed	10%	12%
Future Salary increase rate	10%	10%
Staff turnover	31%	22%
Retirement Age	60 Years	60 Years

23.5 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the most significant key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2024/25. The sensitivity of the Statement of Profit or Loss and Statement of Financial Position are the effect of the assumed changes in discount rate and salary increase rate on the profit or loss and post employment benefit liability for the year.

	2025 Rs.	2024 Rs.
Discount Rate as at 31 March		
Effect on DBO due to decrease in the discount rate by 1%	335,237	398,493
Effect on DBO due to increase in the discount rate by 1%	(314,707)	(369,111)
Salary escalation rate as at 31 March		
Effect on DBO due to decrease in salary escalation rate by 1%	(365,242)	(422,877)
Effect on DBO due to increase in salary escalation rate by 1%	382,640	449,467

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

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

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

23.6 The average duration of the defined benefit plan obligation at the end of the reporting period is 3 years. (2024 - 4 years)

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

24 TRADE AND OTHER PAYABLES

Year Ended 31 March	2025 Rs.	2024 Rs.
Trade Payables - others	80,536,761	51,503,204
- related parties (Note 24.1))	3,969,025	2,979,398
Other Payables - others	26,861,206	56,217,868
- related parties (Note 24.2)	120,919,628	45,906,323
Notes payable	138,234,958	251,780,070
Sundry creditors including accrued expenses	81,047,172	97,954,301
Current trade and other payables	451,568,750	506,341,164
Non- current trade and other payables (Note 24.3)	379,186,983	473,599,178

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

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

24.1 Trade Payables - related parties

Year Ended 31 March		2025	2024
	Relationship	Rs.	Rs.
George Steuart Consumer (Pvt) Ltd.	Affiliate Company	2,149,461	868,929
George Steuart Teas (Pvt)Ltd	Affiliate Company	98,112	98,112
Divasa Equity (Pvt) Ltd.	Affiliate Company	264,935	264,935
Triad (Pvt) Ltd.	Affiliate Company	658,443	55,294
Adpack Productions (Pvt) Ltd.	Affiliate Company	244,000	393,200
Emagewise (Pvt) Ltd.	Affiliate Company	-	919,252
George Steuart Travel Ltd.	Affiliate Company	393,199	218,800
Hammer BTL (Pvt) Ltd.	Affiliate Company	14,662	14,662
Printage (Pvt) Ltd.	Affiliate Company	146,213	146,213
		3,969,025	2,979,398

24.2 Other payables - related Party

Year Ended 31 March		2025	2024
	Relationship	Rs.	Rs.
Citrus Leisure PLC	Intermediate Parent Company	77,297,539	24,465,535
Hikkaduwa Beach Resort PLC	Parent Company	43,622,089	21,440,788
		120,919,628	45,906,323

24.3 Non- current other payables-related party

Year Ended 31 March		2025	2024
	Relationship	Rs.	Rs.
Hikkaduwa Beach Resort PLC	Parent Company	379,186,983	473,599,178
		379,186,983	473,599,178

25 CONTRACT LIABILITIES**25.1 Contract balances**

Year Ended 31 March		2025	2024
		Rs.	Rs.
Advance received for future room reservations		2,275,183	8,489,523
Advance received for future banquet reservations		3,003,945	7,625,323
		5,279,128	16,114,846

Notes to the Financial Statements

25.2 Contract liabilities

Year Ended 31 March	2025 Rs.	2024 Rs.
Contract liabilities balance at the beginning of the year	16,114,846	15,046,681
Revenue recognised in the reporting period that was included in the contract liability balance	(648,543,800)	(376,338,622)
Advances received from customers during the reporting period	640,107,438	384,689,340
Refunds made during the year	(2,399,356)	(7,282,553)
Contract liabilities balance at the end of the year	5,279,128	16,114,846

26 COMMITMENTS

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

27 CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 March 2025, which would require adjustment to, or disclosure in the financial statements.

28 EVENTS OCCURRING AFTER THE REPORTING DATE

There has been no material events occurring after the reporting date that requires adjustment to or disclosure in the financial statements.

29 RELATED PARTY DISCLOSURES

29.1 Terms and conditions of transactions with related parties

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

Outstanding balances at the year-end are unsecured and interest is charge at AWPLR (pa) from April 2024 to March 2025 . There have been no guarantees provided or received for any related party receivables or payables. The outstanding balance will be settled as and when the 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 41 Annual Report of the Board of Directors' on the affairs of the company.

29.2

Transaction with the parent and related entities

Details of significant related party disclosures are as follows:

Year Ended 31 March	Intermediate Parent Company*						Parent Company**						Affiliate Companies***						Total	
	2025		2024		2025		2024		2025		2024		2025		2024		2025		2024	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
Nature of Transaction																				
Balance as at 1 April	(24,465,535)		(1,581,978)		(495,039,966)		(67,477,920)		5,638,344		(1,165,431)		(513,867,157)		(70,225,329)					
Recurrent transactions																				
Fund transfers to/Settlements made	30,455,000		-		102,912,195		72,716,800		-		-		133,367,195		-					
Funds received from	-		(37,700,000)		-		(469,413,839)		-		-		-		(507,113,839)					
Expenses incurred on behalf of other companies	942,329		11,199,595		323,783		1,762,005		169,287		1,233,934		1,435,399		14,195,535					
Expenses incurred on behalf of the company	(17,868,374)		(13,927,704)		(540,418)		(405,660)		(530,375)		(134,078)		(18,939,167)		(14,467,442)					
Collection made by the Company on behalf of others	-		-		-		(2,540,325)		7,844		-		7,844		(2,540,325)					
Collection made by Others on behalf of the company	-		-		2,716,031		4,555,458		25,000		-		2,741,031		4,555,458					
Inter-company interest expense	(193,085)		-		(32,680,697)		(33,790,231)		-		-		(32,873,782)		(33,790,232)					
Management fee	(66,514,931)		(47,934,814)		-		-		-		-		(66,514,931)		(47,934,814)					
Mortgage fee expenses	-		-		(500,000)		(500,000)		-		-		(500,000)		(500,000)					
Payment made for interest, management fees and other settlements	347,056		65,479,366		-		-		27,614,123		23,217,125		27,961,179		161,413,290					
Trading nature transactions (Sales)	-		-		-		-		11,753,444		19,162,693		11,753,444		19,162,693					
Settlements for trading nature Transactions (sales receipts)	-		-		-		-		(7,399,990)		(15,038,961)		(7,399,990)		(15,038,961)					
Purchase of goods/service	-		-		-		-		(29,178,328)		-		(29,178,328)		-					
WHT deducted on Interest Expense	-		-		-		53,746		-		(21,636,937)		-		(21,583,192)					
Non-recurrent transactions																				
Total	(77,297,539)		(24,465,535)		(422,809,072)		(495,039,966)		8,099,349		5,638,344		(492,007,263)		(513,867,157)					
Included under																				
Trade and other receivables (Note 16.1)	-		-		-		-		12,068,374		8,617,742		12,068,374		8,617,742					
Trade and other payables (Note 24.2)	(77,297,539)		(24,465,535)		(43,622,089)		(21,440,788)		(3,969,025)		(2,979,398)		(124,888,654)		(48,885,721)					
Non- current trade and other payables (Note 24.3)	-		-		(379,186,983)		(473,599,178)		-		-		(379,186,983)		(473,599,178)					
	(77,297,539)		(24,465,535)		(422,809,072)		(495,039,966)		8,099,349		5,638,344		(492,007,263)		(513,867,157)					

*Intermediate parent company - Citrus Leisure PLC

**Parent company - Hikkaduwa Beach Resort PLC

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

Notes to the Financial Statements

29.3 Key Management Personnel (KMP)

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

KMP of the Company

The key management personnel of the company are the members of its Board of Directors and that of its parent.

29.3.1 Other Transactions with Key Management Personnel

Loans to Directors

No loans have been granted to the Directors of the company

Key Management Personnel Compensation

The details of compensation are given in Note 08 to the Financial Statements. (2024 - Nil).

Other Transaction with Key Management Personnel

There are no other transactions between the company and Key Management Personnel for the year ended 31 March 2025 (2024 - Nil)

Details of Directors and their shareholdings are given in the Annual Report of the Directors' on the Affairs of the company on page 38.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Overview

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

- Market risk
- Liquidity risk
- Credit risk

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

30.2 Risk management framework

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

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

30.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank overdrafts, debt and equity investments and investments designated under fair value through profit or loss.

The sensitivity analyses in the following sections relate to the position as at 31 March 2025 and 2024.

30.3.1 Interest rate risk

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

Interest rate sensitivity

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

Year Ended 31 March		Change in Profit before tax	
		2025	2024
		Rs.	Rs.
Change in basis point	+50 (0.5%)	(9,663,733)	(10,947,697)
Change in basis point	-50 (-0.5%)	9,663,733	10,947,697
Change in basis point	+500 (5%)	(96,637,329)	(109,476,966)
Change in basis point	-500 (-5%)	96,637,329	109,476,966
Change in basis point	+1000 (10%)	(193,274,657)	(218,953,933)
Change in basis point	-1000 (-10%)	193,274,657	218,953,933

30.3.2 Foreign exchange risk

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

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

Year Ended 31 March		Change in Profit before tax	
		2025	2024
		Rs.	Rs.
Change in exchange rate	+5%	2,092,463	480,690
Change in exchange rate	-5%	(2,092,463)	(480,690)
Change in exchange rate	+25%	10,462,317	2,403,452
Change in exchange rate	-25%	(10,462,317)	(2,403,452)

Foreign currency exchange rates

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

Year Ended 31 March		31.03.2025	31.03.2024
		Rs.	Rs.
United States Dollar		296.35	300.44
Euro		319.86	325.22

Notes to the Financial Statements

30.4 Liquidity Risk

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

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

Maturity analysis

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2025 based on contractual undiscounted payments.

As at 31 March 2025	On Demand Rs.	Within 1 Year Rs.	Between 2-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Interest-bearing loans and borrowings (Note 22)	139,251,511	238,590,000	844,614,070	602,340,000	1,824,795,581
Trade and other payables (Note 24)	-	451,568,750	-	-	451,568,750
	139,251,511	690,158,750	844,614,070	602,340,000	2,276,364,331

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

As at 31 March 2024	On Demand Rs.	Within 1 Year Rs.	Between 2-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Interest-bearing loans and borrowings (Note 22)	144,928,634	162,654,503	1,253,954,573	763,340,000	2,324,877,709
Trade and other payables	-	506,341,164	-	-	506,341,164
	144,928,634	668,995,667	1,253,954,573	763,340,000	2,831,218,873

30.5 Credit risk

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

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

Year Ended 31 March	2025 Rs.	2024 Rs.
Trade and other receivables (Note 16)	171,329,170	206,865,807
Short term Bank Deposit (Note 19)	31,365,397	29,265,439
Cash at Bank (Note 19)	4,272,415	3,446,698
	206,966,982	239,577,944

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 2025 and 2024 is the carrying amounts as disclosed in Note 16.

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

Year Ended 31 March	2025 Rs.	2024 Rs.
Individual debtors	26,953,460	16,894,503
Corporate debtors	144,375,710	189,971,304
	171,329,170	206,865,807

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 16.3 to the financial statements.

31 CAPITAL MANAGEMENT

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

The capital of the company consist of the following:

Equity capital

- Ordinary share capital & Reserves`

Debt

- Long term bank borrowings
- Long term related party borrowings

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

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

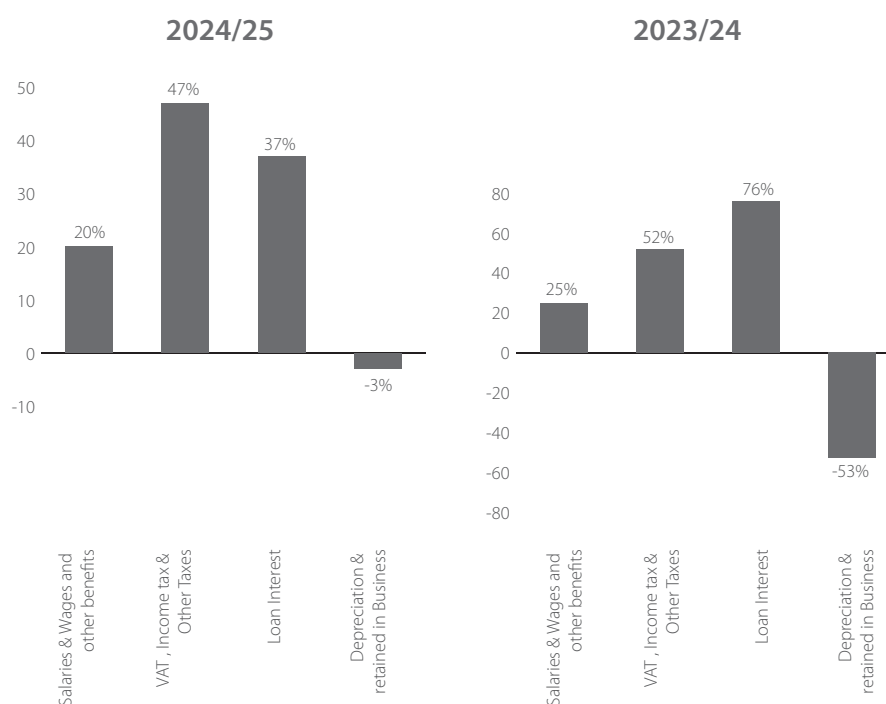
The company's gearing ratio at 82% (2024 - 143%) . The company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions, and continues looking for ways of improving its capital structure in order to support the company's business strategies.

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Statement of Value Added

	2024/25		2023/24	
	Rs.	%	Rs.	%
Turnover	1,220,147,112		1,091,134,245	
Taxes - VAT and others	309,882,969		240,948,909	
Gross Turnover	1,530,030,081		1,332,083,154	
Other Income	5,144,894		5,183,320	
	1,535,174,975		1,337,266,474	
Less: Cost of Material & Services bought in	(872,053,003)		(871,882,547)	
	663,121,972		465,383,927	
Value Allocated to Employees				
Salaries & Wages and other benefits	130,099,269	20%	116,757,383	25%
To Government				
VAT , Income tax & Other Taxes	309,882,969	47%	240,948,909	52%
To Providers of Capital				
Loan Interest	244,085,413	37%	353,447,323	76%
To Expansion & Growth				
Depreciation & retained in Business	(20,945,679)	-3%	(245,769,688)	-53%
	663,121,972	100%	465,383,927	100%



Ten year Financial Summary & Key Indicators

		2024/2025	2023/2024	2022/2023
Trading Result				
Revenue	Rs.'000s	1,220,147	1,091,134	749,296
Profit/(Loss) Before tax	Rs.'000s	(169,701)	(407,249)	(709,275)
Taxation (Expense)/Reversal	Rs.'000s	-	(895)	1,108
Profit/(Loss) After tax	Rs.'000s	(169,180)	(408,144)	(708,167)
Funds employed				
Stated Capital	Rs.'000s	3,579,991	2,901,703	2,901,703
Capital Reserves	Rs.'000s	2,110,253	2,032,237	1,895,652
Revenue Reserves	Rs.'000s	(3,473,380)	(3,304,690)	(2,895,714)
Borrowings	Rs.'000s	1,826,141	2,490,894	2,192,786
Asset Employed				
Non-current assets	Rs.'000s	5,500,436	5,525,435	4,983,705
Current assets	Rs.'000s	290,504	304,399	153,084
Cashflow				
Net cash inflow/(outflow) from operating activities	Rs.'000s	(29,306)	(296,113)	(27,415)
Net cash inflow/(outflow) from investing activities	Rs.'000s	(10,231)	(18,722)	(34,963)
Net cash inflow/(outflow) from financing activities	Rs.'000s	56,597	329,894	36,968
Increase/(decrease) in cash and cash equivalents	Rs.'000s	17,059	15,059	(25,409)
Key Indicators				
Earnings/(Loss) per share - Basic	Rs.'000s	(0.19)	(0.73)	(1.26)
Net assets value per share	Rs.'000s	2.51	2.91	3.40
Market price per share	Rs.'000s	2.00	2.30	2.80
Interest cover	Rs.'000s	0.30	(0.15)	0.39
Dividend Per Share	Rs.'000s	-	-	-
Dividend Payout Ratio	Rs.'000s	-	-	-

2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
350,847	238,607	623,281	795,681	693,580	685,759	651,242
(339,959)	(333,965)	(252,038)	(213,511)	(254,248.00)	(227,401)	(196,321)
(573)	(1,261)	(457)	198	(982)	(669)	(106)
(340,532)	(335,226)	(252,495)	(213,314)	(255,230)	(228,070)	(196,428)
2,901,703	2,901,703	2,901,703	2,042,238	2,042,238	2,042,238	2,042,238
1,832,461	1,068,532	743,788	743,788	743,788	100,924	100,924
(2,188,326)	(1,846,835)	(1,511,283)	(1,257,769)	(1,044,618)	(789,203)	(561,605)
1,982,691	1,821,563	1,721,217	1,548,920	1,708,983	1,706,039	1,796,726
5,024,327	4,312,197	4,092,383	4,179,697	4,367,436	3,730,996	3,884,964
98,495	74,092	121,633	161,445	151,189	146,235	130,539
(14,737)	(35,643)	104,031	(117,176)	(83,013)	31,900	13,642
(21,101)	(731)	(75,639)	(24,621)	(50,007)	(15,122)	(41,769)
81,103	37,135	(28,805)	241,695	46,560	(48,070)	10,976
45,265	762	(413)	99,898	(86,460)	(31,291)	(17,151)
(0.61)	(0.60)	(0.50)	(1.06)	(1.27)	(1.13)	(1.26)
4.55	3.79	3.81	7.58	8.63	8.10	10.16
2.00	3.10	3.50	2.30	3.20	3.00	3.30
(1.15)	(1.04)	(0.27)	0.29	0.09	0.16	0.10
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Share Holder Information

ORDINARY SHAREHOLDERS

There were 4,818 registered shareholders as at 31 March 2025, distributed as follows.

Shareholders categorised summary report - as at 31 March 2025

From	To	No of Holders	No of Shares	%
1	1,000	1,650	480,238	0.0513
1,001	10,000	1,256	5,792,642	0.6184
10,001	100,000	1277	52,758,674	5.6325
100,001	1,000,000	550	174,470,561	18.6264
Over 1,000,000		85	703,181,873	75.0714
Total		4,818	936,683,988	100.0000

Categories of shareholders

Categories of shareholders	No of Holders	No of Shares	%
Local Individuals	4,562	312,407,780	33.35
Local Institutions	233	620,985,758	66.30
Foreign Individuals	23	3,290,450	0.35
Foreign Institutions	-	-	0.00
Total	4,818	936,683,988	100.00

The percentage of issued shares held by the public as at 31 March 2025 was 44.03% (As at 31 March 2024 it was 17.16%) and the number of shareholders were 4,818 (As at 31 March 2024 was 3,106).

The Float Adjusted Market Capitalisation of the Company as at 31 March 2025 is Rs. 824,801,446/- and the Company falls under Option 2 of Rule 7.13.1 (i) (a) of the Listing Rules of the CSE.

Share Prices for the year

Market price per share	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Highest during the year	2.70 (08.05.2024)	3.30 (24.08.2023)
Lowest during the year	1.80 (03.09.2024)	1.90 (09.02.2024)
As at end of the year	4.50	2.30
Last traded	2.00	2.30

Share Holder Information

Twenty largest shareholders

Serial No.	Shareholder	As at 31.03.2025		As at 31.03.2024	
		Number of Shares	%	Number of Shares	%
1	National Development Bank PLC/Hikkaduwa Beach Resort PLC	328,054,300	35.02	196,078,432	20.93
	Hikkaduwa Beach Resort PLC	196,158,773	20.94	267,641,552	28.57
2	Seylan Bank PLC/A.C.Senanka	8,050,000	0.85	-	-
3	Mr. M.T. Rajab khan	5,992,131	0.64	300,000	0.03
4	Mr. S.A. Cooray & Mr. P.T.Cooray,Mrs. S.Nugapitiya	4,700,000	0.50	-	-
5	Mr. S.A. Thalangama	4,700,000	0.50	-	-
6	Mr. R.E. Rambukwelle	4,600,045	0.49	1,216,000	0.13
7	Mr. M.A.T.G. Manchanayaka	4,250,986	0.45	-	-
8	Mr. J.A.D.K.R. Jayasuriya	4,027,600	0.43	-	-
9	Dr. M.N. Samarakoon	4,020,320	0.42	464,959	0.05
10	Mr. W.A.S.P. De saram	3,832,653	0.40	99,294	0.01
11	Assetline Finance Limited/M.W.A.Lakmal	3,750,000	0.40	-	-
12	Merchant Bank of Sri Lanka & Finance PLC 01	3,750,000	0.40	3,598,067	0.38
13	Mr. A.S. Jayasinghe	3,727,170	0.39	150,000	0.01
14	Mr. T.A.M. Perera	3,663,332	0.39	-	-
15	Mr. S.V.P.V.K. Senadeera	3,511,307	0.37	-	-
16	Hatton National Bank PLC/Ravindra Erle Rambukwelle	3,300,000	0.35	1,165,000	0.12
17	Mr. G.G.A.M.R.K. Abeykoon	3,208,800	0.34	3,008,800	0.32
18	People s Leasing and Finance PLC/I.P.Hapangama	3,000,000	0.32	-	-
19	Mr. H.D.S. Hansagiri	2,976,643	0.31	-	-
20	Mr. P. P. Subasinghe	2,951,183	0.32	-	-
	Sub Total	602,225,243	64.29	473,722,104	50.57
	Others	334,458,745	35.71	462,961,884	49.42
	Total	936,683,988	100.00	936,683,988	100.00

Directors' and CEO's Shareholding as at 31 March 2025

	Director Name	As at 31.03.2025		As at 31.03.2024	
		Number of Shares	%	Number of Shares	%
1	Ms. Varuni Sonali Fernando Amunugama	-	-	-	-
2	Mr. Priya Chandana Bandara Talwatte	-	-	-	-
3	Mr. Sharvajana Anandaraj Ameresekere	-	-	-	-
4	Mr. Rajinda Seneviratne	-	-	-	-
5	Mr. Janesh Manoj Bandara Pilimalawwe	-	-	-	-
6	Mr. Sembukuttige Mani Ammal De Silva Sugathapala	70,192	0.007	50,000	0.0100
7	Mr. Punsisi Lalith Patuwatha Withana	-	-	-	-
8	Mr. Priyanka Niran Mahawatte	-	-	-	-
9	Mr. Samantha Pradeep Samarawickrama Ranatunga	-	-	-	-

Notes

Notes

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth (14th) Annual General Meeting of Waskaduwa Beach Resort PLC will be held on 30th September 2025 at 10.30 a.m. at the Sri Lanka Foundation, Lecture Hall No. 03, No. 100, Padanam Mawatha, Independence Square, Colombo 07 for the following purposes:

1. Ordinary Business
 - 1.1 To receive the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st March 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 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 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);

Notice of Annual General Meeting

- (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 therefore 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 therefore of the following new Article 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

Waskaduwa 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

Form of Proxy

I/We*
(NIC/Passport/Co. Reg. No.) of
being a shareholder / shareholders of WASKADUWA BEACH RESORT PLC hereby appoint
(NIC/Passport No.....) of
or failing him/her,

Mr. S P S Ranatunga	or failing him*
Mr. P C B Talwatte	or failing him*
Mr. S M A De Silva Sugathapala	or failing him*
Mrs. V S F Amunugama	or failing her*
Mr. R G Seneviratne	or failing him*
Mr. J M B Pilimatalawwe	or failing him*
Mr. S A Ameresekere	or failing him*
Mr. P L P Withana	or failing him*
Mr. P N Mahawatte	

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.		
(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.		
(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.		
(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.		
(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.		

2 Special Business

		For	Against
(1)	To pass the Special Resolution as set out in item 2.1 of the Notice of Meeting		

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.

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, No.56/1, Kynsey Road, Colombo 08 by 10.30 p.m on 28th September 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

Waskaduwa Beach Resort PLC

LEGAL FORM

Public Quoted Company with limited liability
Incorporated in Sri Lanka.

STOCK EXCHANGE LISTING

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

COMPANY REGISTRATION NO

PB 4242 PQ

REGISTERED OFFICE

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

BOARD OF DIRECTORS

Mr.S.P.S.Ranathunga (Chairman)
Mr. P. C. B. Talwatte
Ms. Varuni S. Fernando
Mr. S. A. Ameresekere
Mr. R.G Seneviratne
Mr. J.M.B Pilimatalawwe
Mr. P.L.P Withana
Mr. S.M.A.D.S. Sugathapala
Mr.R.M.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 Mahawathta (Chairman)
Mr. P.L.P. Withana
Mr. S.A. Ameresekere

NOMINATIONS & GOVERNANCE COMMITTEE

Mr. P. N. Mahawatte (Chairman)
Mr. S. P. S. Ranathunga
Mr. J. M. B Pilimawatalawwe

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
Union Bank of Colombo PLC
Seylan Bank PLC
Pan Asia Banking Corporation PLC

INVESTOR RELATIONS

Plases contact
Group Head of Finance
Ms.Kaushika Ranasinghe
+94 775 700 473
kaushika@citrusleisure.com



www.citrusleisure.com

Waskaduwa Beach Resort PLC

No. 56/1, Kynsey Road, Colombo 08.

Telephone : 0117 755 388

E-mail : direct@citrusleisure.com