

one step towards
AMAZING

Citrus Leisure PLC takes things one step further to reveal...amazing.

citrus[®]

Citrus Leisure PLC

Annual Report 2011/12

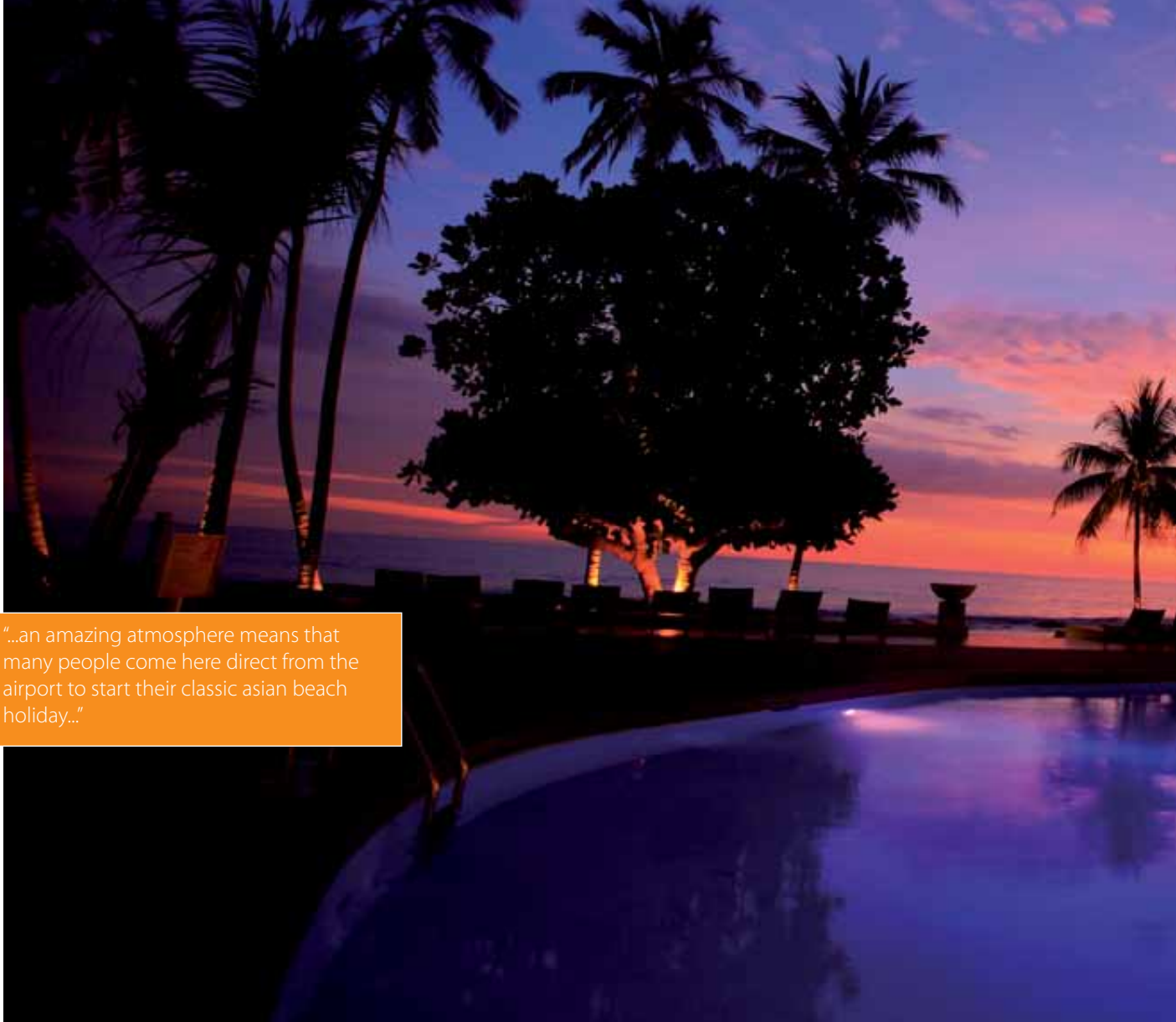
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Welcome to Citrus Hikkaduwa - Sri Lanka's latest offering of star class comfort and elegance delivered in true southern style. Set on one of Sri Lanka's best rated beaches, at the gateway to the rest of the splendid island's wealth of holiday experiences, Citrus Hikkaduwa now takes every visitor one step further to discover...amazing.

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"...an amazing atmosphere means that many people come here direct from the airport to start their classic asian beach holiday..."



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“Citrus Leisure has an accomplished team to carry out its vision. Our board and staff consist of experienced professionals who possess years of experience in business, finance and hospitality..”

An underwater photograph showing a school of blue tang fish swimming over a coral reef. The water is clear and blue, and the reef is visible at the bottom. The fish are mostly oriented towards the right side of the frame. An orange rectangular box is overlaid on the left side of the image, containing the text "management information".

management information

An underwater scene featuring a school of blue fish swimming above a vibrant coral reef. The background is a deep blue gradient, transitioning to a bright green glow from the coral below. The fish are of various sizes and are scattered throughout the frame, some swimming towards the viewer and others away. The coral reef is detailed with various textures and colors, creating a rich, textured foreground.

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Citrus Leisure PLC takes things one step further to reveal... amazing...

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Chairman's Review

"I have no doubt that the clarity and consistency of our strategy, our discipline in sticking to it, and unwavering commitment to our distinctive culture and values have been crucial to our continued success."



Prema Cooray
Chairman

I warmly welcome shareholders to our annual general meeting, where we get a chance to share your company's progress and planned activities in the coming months.

Your company continued to benefit from the tourism boom that has climbed each month since the government ended a decades long ethnic conflict in May 2009.

Sri Lanka's tourist arrivals hit a record high in 2011, as the island-nation attracted more visitors from across the world, mostly high-spending European tourists. Arrivals rose 30.8 percent to 855,975 from a year earlier, higher than Sri Lanka's previous record of 654,476 in 2010.

The government has set an ambitious target of earning \$2.75 billion in tourism receipts by 2016 from 2.5 million expected visitors, attracted by Sri Lanka's beaches, hills and religious and historic sites, while aiming for \$3.0 billion in foreign direct investment.

Industry Overview

The bullish sentiment continued in 2012, with tourist arrivals rising 16.7 percent from January to July to 543,205 visitors. Revenue from tourism rose 24.3 percent to \$459.9 million in the first six months of this year, over the same period a year earlier, according to Central Bank figures.

In August, UK's Hello Magazine, a prominent society publication with a global appeal, named Sri Lanka as one of the exotic destinations to visit in 2012.

"For an eclectic mix of exotic wildlife, culture and scenery - delve no deeper than the spiritual island of Sri Lanka. Don't miss the Pinnawela Elephant Orphanage that is home to over sixty elephants, or the ancient ruins of Polonnaruwa, boasting over thirty shrines and beautifully preserved buildings," the magazine recommended readers.

"Following a trip to Colombo's treasure trove markets, you can unwind on the heavenly stretch of Unawatuna Beach. Palm trees tower over the silk-like sand and the aqua sea breaks rhythmically as you relax with a cocktail or traditional Sri Lankan tea from the hillside plantations," Hello said.

Sri Lanka Tourism expects over one million tourists to visit our shores in 2012, yielding revenue of more than \$1.0 billion, up from last year's record \$830.3 million.

The record arrival numbers have also put pressure on star-classed room inventory, with industry experts forecasting that an additional 15,000 rooms may be needed to accommodate 2.5 million visitors in 2016. The room shortage was also compounded with some star-classed hotels closed for refurbishment. Guests instead, sought accommodation in informal sector options such as like apartments or private residences.

The government has carved out tourism zones in Kalpitiya and along the eastern coastal belt of Kutchuweli, Nilaweli and Pasikudah for future expansion. Some hotels have already begun construction within these zones. In the capital of Colombo, few global brand names have signed up to build deluxe star-class properties, which will double the existing room strength of 3,000.

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Chairman's Review

Sri Lanka's hospitality industry is also investing to market the product in growing markets of China, India, the Middle East and Eastern Europe.

However, Sri Lanka's tourism product is not without its own challenges, that could crimp growth, if not properly addressed.

"Not many investors are bullish about building new hotels. Citrus took on this challenge, with firm commitments to build new properties in Waskaduwa and Kalpitiya.

Construction work on the 150 room Citrus Waskaduwa has begun and we hope to open it during the middle of next year..."

The average hotel rates have risen sharply since May 2009, and hoteliers are enjoying substantial returns. But the price increase has not been complemented with an enhanced product or a better quality of service. We need to address these issues with speed, to keep the growth momentum alive.

Another challenge is the European recession that could hurt our key markets of the UK and Germany. Europeans are attracted to our beaches and account for half of our beach tourism market. With their spending power decreasing, it's vital we have a good stock of three and four-star class hotels to accommodate this market, that still remains the bread and butter of our tourism industry.

Company Outlook

Previously known as Reefcomber and Amaya Reef, the Citrus Leisure group was rebranded from January 2011 under the new management and change in ownership.

Since then, we have invested heavily to refurbish our property in Hikkaduwa and build two hotels in Waskaduwa and Kalpitiya.

Citrus Hikkaduwa closed for refurbishment in May 2011, which saw an additional 40 rooms being added into the room inventory, together with a new banquet hall. We also invested in a new laundry facility, a kitchen, restaurant and refurbished, the swimming pool and existing 50 rooms. With 90 rooms under our

wing, we re-opened for business just after Christmas. However, traffic picked-up from January onwards, and we benefited from the final wave of Sri Lanka's tourism season that ends in March.

Given the fact that we were closed for business during part of the tourist season, your company has performed relatively well. We made a revenue of Rs. 85.3 million during the year under review, from Rs. 104.9 million reported in the previous financial year.

Not many investors are bullish about to building new hotels. Citrus took on this challenge, with firm commitments to build new properties in Waskaduwa and Kalpitiya.

Construction work on the 150 room Citrus Waskaduwa has begun and we hope to open it during the middle of next year. We have already tied up with leading foreign tour operators to sell rooms. Citrus Waskaduwa is situated on a 7.5 acre prime beach land in the Kalutara area and is located among other popular beach resorts. I have no doubt the property will be sought after by many foreign guests.

Work on Citrus Kalpitiya will begin shortly. We have secured the necessary government clearances to build a mix of water villas and a hotel. The villas will overlook the tranquil Kalpitiya lagoon, while the hotel faces the beach front.

Appreciation

I take this opportunity to thank the General Manager and staff at Citrus Hikkaduwa for their cooperation during our refurbishment period. They have also strived to offer a high standard of service to guests.

It is my duty to thank the members of the Board for their ready assistance and guidance.

(Sgd)

Prema Cooray
Chairman

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"...Citrus Hikkaduwa, a 90-roomed beach front property, re-opened last December after extensive refurbishment and expansion...."

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Board of Directors



Prema Cooray

Mr. Prema Cooray, the immediate Past Chairman of Aitken Spence PLC counts well over 30 years in Travel and Tourism. He led the Hotel Sector of Aitken Spence for several years making a significant contribution in making Aitken Spence a leading player in the development of Resorts both in Sri Lanka and Maldives.

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

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

Mr. Cooray was selected by USAID to lead the Tourism Cluster from 2001 to 2008 which introduced the concept of 'going beyond beaches'. The diversity in the profile of Sri Lanka's tourism today is mainly attributed to the efforts made by this Cluster.

He is a Past President of the Tourist Hotels Association of Sri Lanka (1998-2000) and was the Chairman of the Sri Lanka Convention Bureau (2007-2009). Presently he Chairs a Rainforest initiative partnered by the private sector which once completed (early 2011) will bench-mark the best practices for Eco Tourism development in Sri Lanka.

He serves as a Member of the Tourism Cluster of National Council for Economic Development (NCED) and also serves as a Member of the Grants Board of ICTA. He is also a Board Member of Waters Edge and Lighthouse Hotel PLC.

He served as the Secretary-General/CEO of the Ceylon Chamber of Commerce (2003-2008) and presently heads the Project Management Arm of the Chamber – CCC Solutions (Pvt) Ltd.

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

Dilith Jayaweera

Dilith is the co-founder of a dynamic conglomerate of 22 companies with diverse interests in communications, mass media, leisure, finance, property development and manufacturing. An entrepreneur committed to building strong and sustainable Sri Lankan businesses, Dilith has built a reputation for challenging convention with his can-do spirit. An Attorney-at-Law, Dilith holds an LLB from the University of Colombo and an MBA from the University of Wales.

Varuni Amunugama Fernando

Varuni is the co-founder of a youthful and growing diversified group which currently consists of 22 subsidiaries across sectors such as communication, mass media, leisure, finance, property development and manufacturing. 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. Varuni read for her LLB at the University of Colombo and holds a Diploma in Advertising from L'Ecole-de-Publicitaire, Paris.

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Board of Directors

Rajinda Seneviratne

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

Sarva Ameresekere

Sarva, Director/CEO of Triad is responsible for the day-to-day operations and overall management of Sri Lanka's leading advertising agency and its strategic investments. Today, Sarva is involved in the overall macro management and strategic decision making of a diversified portfolio of companies that includes communication, finance, hospitality, manufacturing and fund management. Qualified in both Business and Engineering, Sarva brings on board extensive local and foreign exposure including business consulting, fund management, project management, operations management, and research and analysis. Sarva holds a Masters in Engineering Management from the University of Southern California, Los Angeles and a Degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

Manoj Pilimatalawwe

Mr. Manoj Pilimatalawwe currently works in the capacity of Head of Group Information and Communication Technology of Brandix Lanka Ltd. Prior to this Manoj was employed at PricewaterhouseCoopers Lanka Ltd, and has experience in areas of general management, management consultancy, IT operations and technology strategy formulation.

Manoj holds a Master's Degree in Information Technology from The Keele University in U.K. and a Bachelor of Science Honours Degree in Information Systems from Manchester Metropolitan University in U.K. and is a member of the British Computer Society (MBCS). He is also a Chartered Information Technology Professional (CITP) and counts over 14 years corporate experience.

Suresh de Mel

Mr. Suresh de Mel is the Managing Director of Lanka Fishing Flies (Pvt) Ltd., a US-Sri Lanka Joint Venture since 1981 producing Umpqua brand fishing flies. Lanka Fishing Flies which currently employs 250 workers in factories in Colombo and Tangalla, has a reputation for being one of the largest producers of high quality hand tied fishing flies in the world.

Before taking over the family business in 1990, Suresh worked as a Student Engineer and then as an Agricultural and Environmental Engineer for CH2M Hill Inc., USA, for 10 years. He continues to be a liaison for CH2M Hill in Sri Lanka.

Suresh is also the Chairman of Asian Angling Adventures (Pvt) Ltd., a company promoting "catch and release" sports fishing in Sri Lanka, Maldives and Malaysia, and the Chairman/Managing Director of Lanka Eco Adventure Frontiers (Pvt) Ltd., a company promoting the conservation of rainforests and wet lands thru "responsible" tourism.

He is the Immediate Past Chairman of the Board and a founder member of the Business for Peace Alliance - Sri Lanka's Regional Chambers of Commerce network for Conflict Transformation, Reconciliation, Regional Empowerment, and Corporate Social Responsibility and is a Founder Member and the Vice President of the Association of Small and Medium Enterprises in Tourism Sri Lanka. He also serves as a Director on the Boards of the Hambantota District Chamber of Commerce, the American Chamber of Commerce in Sri Lanka, and Navajeevana Rehabilitation Tangalla, a project "bringing new life to the Disabled".

He holds a Bachelor of Science Degree in Agricultural Engineering from Cal Poly State University, San Luis Obispo, California, USA, and is a Member of the American Society of Civil Engineers. He is also a Member of the International Eco-tourism Society.

Suresh is a social entrepreneur who actively promotes investments that sustain "people, planet and profit".

Chandana Talwatte

Chandana Talwatte has been appointed to the Board of Citrus Leisure PLC with effect from 2 May 2012. Mr. Talwatte will serve as Director/CEO of the Citrus Group.

Chandana Talwatte is a well respected corporate leader with a proven track record of driving businesses forward under challenging conditions. He served most recently as Director – Sales and Marketing of Cinnamon Lakeside, Colombo. He has been part of the leadership team at John Keells Holdings PLC from 1993, serving as Director/CEO at several group companies including, Mackinnon Mackenzie & Co of Ceylon Ltd, Bosanquet and Skrine Ltd, Mackinnons Travels, Mack International Freight (Pvt) Ltd, Whittals Boustead Cargo, and as Head of Sales and Marketing and Customer Development of the Transportation Group of JKH. Following the Asian Tsunami of 2004, Talwatte was seconded to serve the government of Sri Lanka as Director, Task Force for Rebuilding the Nation (TAFREN) overseeing the funding pledged by international donors.

Vasula Premawardhana

Mr. Premawardhana was appointed to the Board of Citrus Leisure PLC as an Independent Non-Executive Director with effect from 02nd May 2012. He is an accomplished professional with over 15 years of comprehensive management experience comprising local and international hands-on experience in the fields of Capital Markets and Risk Management. He holds an MA in Financial Economics from the University of Colombo and a BSc in Computer Science from the University of Southern California- USA.

Mr. Premawardhana is the Managing Director of First Derivatives (Pvt) Ltd and he is a former Director of the Securities and Exchange Commission of Sri Lanka.

A photograph of a hammock hanging against a sunset sky. The hammock is made of dark rope and is suspended by several thick ropes. The sky is a mix of blue and orange, with some clouds. An orange rectangular box is overlaid on the left side of the image, containing the text "management discussion and analysis".

management discussion
and analysis

A tropical sunset scene with palm trees and a hammock. The sky is a mix of orange, yellow, and blue, with the sun low on the horizon. Two palm trees are silhouetted against the sky, and a hammock is strung between them. The text "one step towards LAIDBACK" is overlaid on the image.

one step towards
LAIDBACK

Citrus Leisure PLC takes things one step further to reveal...laidback..

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Management Discussion and Analysis

Overview

One of the newest entrants to the hotel industry, Citrus Leisure PLC stepped into the hotel arena in 2010 to showcase Sri Lanka's unique brand of hospitality that goes an extra mile to pamper guests.

At Citrus Leisure, we focus on creating memorable moments for holidaymakers while they savour the sights and sounds of our emerald isle. We take our commitment to service levels very seriously, and keep working hard to raise the bar above ordinary expectations.

Our long term vision for the group is based on key principles of developing a range of upmarket hotels, resorts and products linked to the tourism industry. Though a relatively new entrant into the field, we are developing a range of subsidiaries that complement our leisure arm. We have already formed subsidiaries that specialises in food and beverage, Ayurveda spas and water-related sports.

Our portfolio currently has three properties: Citrus Hikkaduwa, Citrus Waskaduwa and Citrus Kalpitiya. Citrus Hikkaduwa, a 90-roomed beach front property, re-opened last December after

extensive refurbishment and expansion. Construction work on the 150-room Citrus Waskaduwa, situated along the southern coastal line, is progressing smoothly. Preliminary work and regulatory approvals have been cleared for the 150-room Citrus Kalpitiya, with construction work scheduled to start shortly. Both new properties are luxury four-star class hotels.

Vision

We want to be the ultimate hospitality brand in Sri Lanka, that will add 600 luxury rooms to Sri Lanka's inventory in the years ahead.

Mission

We aim to own and manage hotels and resorts that deliver exceptional hospitality experience. Our staff aim to go beyond the call of duty, extending a personalised, friendly and professional service to our guests at all times.

"The Citrus brand will be a fresh addition to the Sri Lankan hospitality offering and we believe that our simple and elegant approach will allow us to compete on a global platform, bringing pride to our beautiful island paradise"

"Our long term vision for the group is based on key principles of developing a range of upmarket hotels, resorts and products linked to the tourism industry. Though a relatively new entrant into the field, we are developing a range of subsidiaries that complement our leisure arm..."



"...At Citrus Leisure, we focus on creating memorable moments for holidaymakers while they savour the sights and sounds of our emerald isle...."

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Management Discussion and Analysis

The Brand - Citrus

The name 'Citrus' evolved from the fruit's soothing image of tropical freshness. Citrus Leisure focuses on waterfront properties and from a pure strategic brand marketing perspective, the name 'Citrus' offers ample opportunity for extendibility.

In a new era of brand communication, the aroma of Citrus can even be used on a modern 3D platform. The brightness associated with the name means the brand does not have to push itself too much to create additional imagery; it can run flawlessly and automatically as it is universally recognised.

The mnemonic 'I' in 'Citrus' symbolises the I-centred individualistic human needs – every individual's commitment to seek and achieve individual happiness. The ultimate brand promise of Citrus Leisure is to make every 'I' the happiest within the brand's world.

Our Properties

Citrus Hikkaduwa

Our first hotel, Citrus Hikkaduwa, was extended and given a facelift in June 2011. We added 40 rooms, a new banquet hall and renovated the existing rooms, the restaurant, kitchen, bar, swimming pool and other common areas.

Situated along the southern coastline of Hikkaduwa, the hotel is prominently placed along the popular beach strip that attracts a lively mix of foreign and local guests. The two-acre freehold property has a lovely view of the sea and offers guests a chance to soak up the sun, surf or snorkel.

The refurbished restaurant, Lemon Fish, has an extensive menu of local and seafood dishes. It seats 120 guests and is popular for serving authentic Hikkaduwa cuisine. Along with the restaurant, we redesigned the Summer Salt Bar, adding a signature cocktail menu.

With a new 200 seater banquet hall, in addition to a 150 seater existing banquet hall, we are now ready to handle an eclectic mix of events ranging from social gatherings to business events.

We renovated our spa facility and tied-up with Spa Ceylon, a popular upmarket Ayurveda spa chain, to pamper guests.

The hotel re-opened as planned just after Christmas last year. Many of Sri Lanka's leading tour operators, including Kuoni



International, TUI International, Thomas Cook Northern, TEZ Tours Russia and Join-up Ukrain, have partnered with us.

Citrus Waskaduwa

A quick 45 minute drive away from the bustling capital of Colombo, Citrus Waskaduwa sits along the southern coastal belt in a popular tourist strip. The nearly eight-acre property, which has a stunning 700 meters long virgin beach frontage.

Construction work on the 150-room hotel has begun and the four-star property is due to open towards mid-2013. We have already started to market the rooms through tour operators. With close proximity to Colombo, the hotel is designed to entertain short-term city guests with bars, spacious lounges and extensive spa facility.



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Management Discussion and Analysis

“...Construction work on the 150-room Citrus Waskaduwa has begun and the four-star property is due to open towards mid-2013. We have already started to market the rooms through tour operators...”

The hotel is designed by Murad Ismail and his MICD architectural company, who have also added presidential suite and a banquet that can accommodate up to 500 guests.

Citrus Kalpitiya

We have slightly revised our plans for Citrus Kalpitiya, which sits on 78 acres of prime land that faces the Indian Ocean.

Under the first stage, we plan to build 32 upmarket villas that overlook the 50-meter wide fresh water way. Each villa, spread over 40 perches of land, is custom designed for owners with space to entertain on the property. The villas will have their own gondola to allow residents to access the sea. We hope to sell the villas on a 99-year lease and give owners the option of allowing us to manage on a time share basis.

The hotel will come up in the second stage with rooms overlooking the one kilometre stretch of beach front.

We have secured the necessary clearance from state agencies and hope to begin construction shortly.

Designed by Murad Ismail and his architectural firm MICD, the four-star property will have 126 resort-styled rooms and 24 individual chalets.

The government has earmarked Kalpitiya as a future tourist zone, with vast tracks of land bordering the lagoon or the sea, blocked off for the hospitality industry. The area is also popular to spot whales or schools of dolphins, within a short distance from the mainland.

Kalpitiya is also strategically located close to the Wilpattu, wildlife sanctuary that is home to leopards, elephants, the sloth bear and many species of birds and wildlife.

Spread across 78 acres, the group acquired 35 acres for Rs. 67 million and secured another 42 acres on a 99-year lease from Asia Sports Management Private Limited.

Citrus Aqua

Citrus Aqua, a subsidiary of Citrus Leisure PLC specialises in water-sport, angling and diving adventures across key water bodies in Sri Lanka. We offer angling services in the neighbouring Maldives, which is popular for some of the world's best salt fly fishing.

In Sri Lanka, our main base is at Ruskin Island, Bolgoda Lake, which is about a 45-minutes' drive from the capital of Colombo. On Ruskin Island, we have built a private villa that allows guests a choice ranging from a midnight swim to dining the lake.



"...The refurbished restaurant, Lemon Fish, has an extensive menu of local and seafood dishes. It seats 120 guests and is popular for serving authentic Hikkaduwa cuisine"

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Management Discussion and Analysis

Our team tailor-makes tours taking into account the diversity across the island. Our tours include angling, diving, white water rafting, whale and dolphin watching, water skiing, surfing, sailing and wind surfing and safari tours.

Citrus Silver

Citrus Silver, was formed as a specialised company that manages resort properties. We employ senior industry experts and well trained industry professionals who focus on pampering guests.



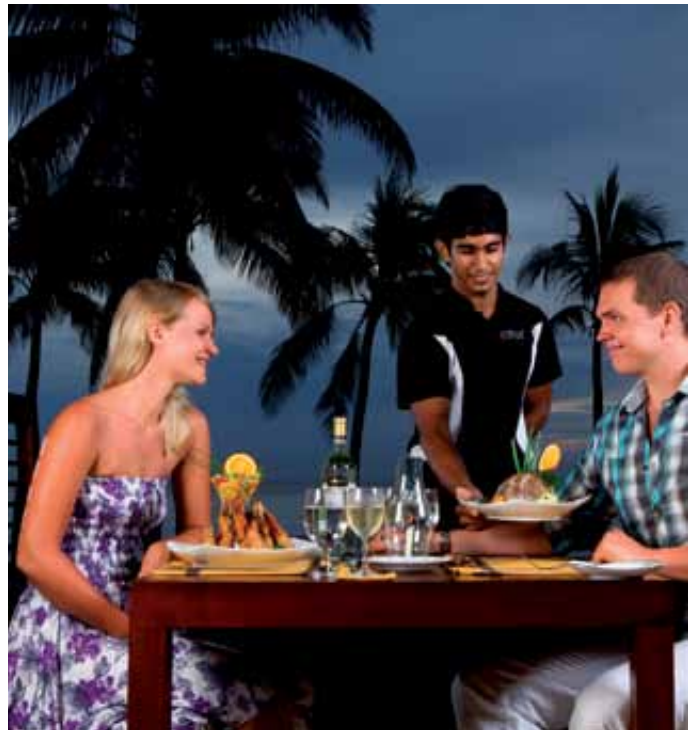
“Our staff focuses on creating dream holidays and the management has identified India, the Middle East, China and the former East European blocs as potential markets for the inbound business...”

The company also offers banquet catering for groups of all sizes.

Citrus Vacations

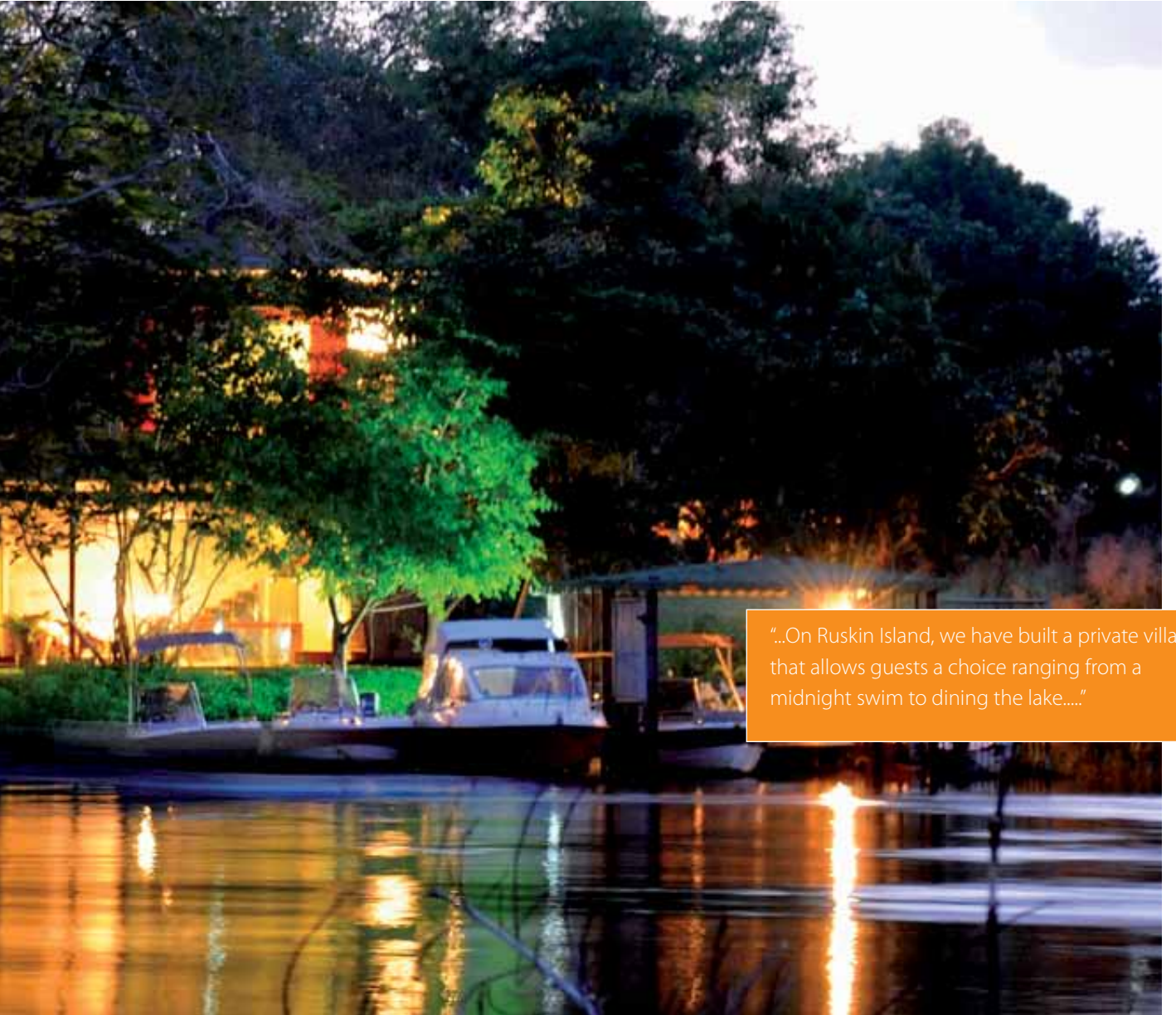
Citrus Vacations, an inbound and outbound tour operator, had a successful year. We acquired the business of Lotus Travel International Private Limited in August 2011. Thanks to the dedication of our experienced team, we have been ranked 37th by the International Air Transport Association (IATA) last year, from a ranking of 111th. The ranking is based on volumes of sales we do.

Our staff focuses on creating dream holidays and the management has identified India, the Middle East, China and the former East European blocs as potential markets for the inbound business.



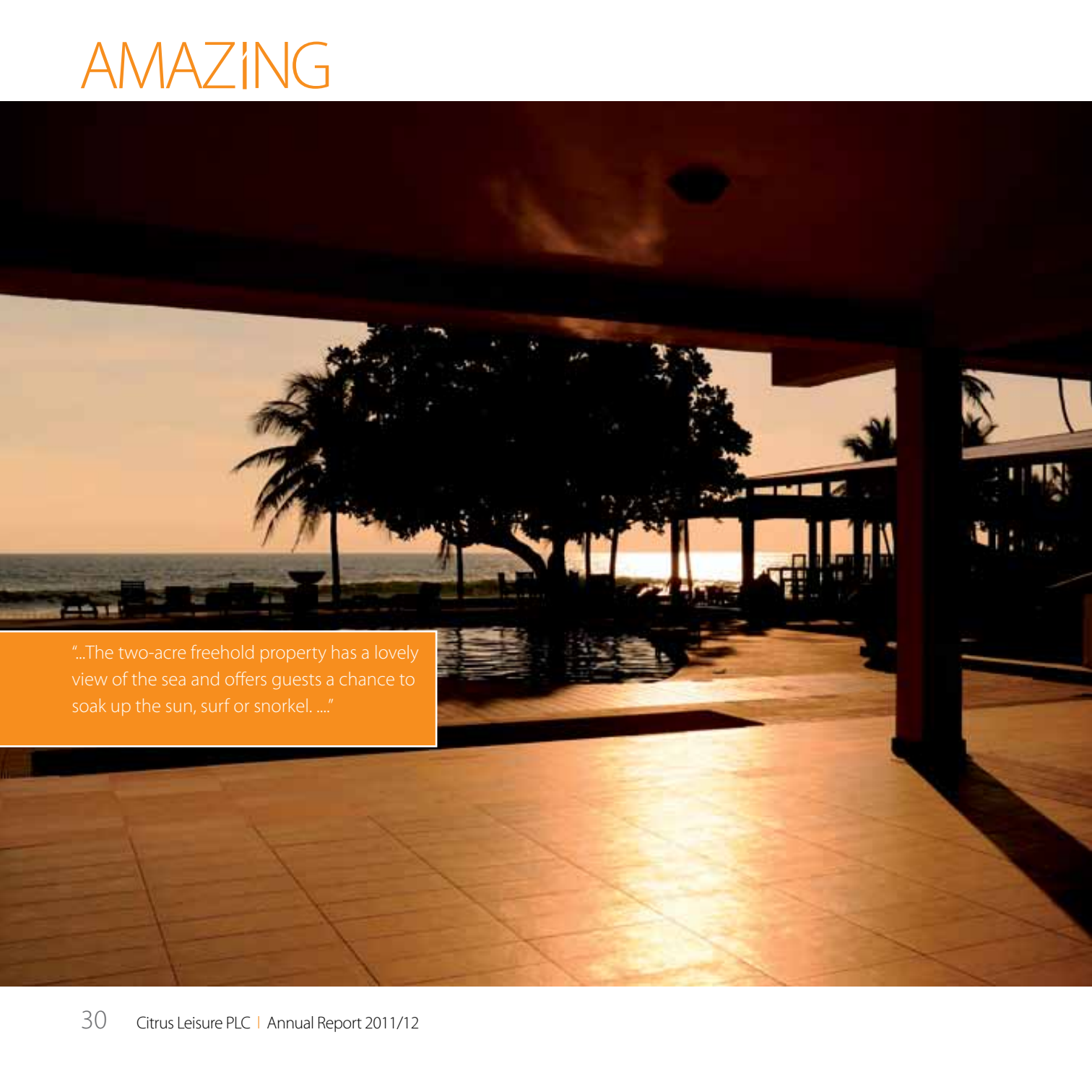
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“...On Ruskin Island, we have built a private villa that allows guests a choice ranging from a midnight swim to dining the lake....”

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"...The two-acre freehold property has a lovely view of the sea and offers guests a chance to soak up the sun, surf or snorkel."

Corporate Governance

Board of Directors

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.

The Board of Directors of the Company currently comprises of nine members. There is a balance of Executive and Non Executive Directors to ensure that the decisions taken by the Board are collective decisions. One third of the Directors retires by rotation at each Annual General Meeting but are eligible for re-election.

Each Non-Executive Director has submitted a Declaration of his independence or non-independence as required under the Listing Rules of the Colombo Stock Exchange.

The Board has determined that Messrs E.P.A Cooray, R Seneviratne, J.M.B Pilimatalawwe, S A Ameresekera , S.D De Mel and P V S Premawardhana are independent directors inspite of serving on the Boards of subsidiary companies in which a majority of the other Directors of the Company are Directors, since they are not directly involved in the management of the Company.

The roles of the Chairman and Chief Executive Officer are separate with a clear distinction of responsibilities, which ensures balance of power and authority.

Board Sub Committees

Audit Committee

The Audit Committee functions under a written Charter. The primary function of the Committee is to assist the Board in fulfilling its responsibilities by reviewing the financial information provided to Shareholders. The Audit Committee also oversees the relationship between the Company and the Auditor and reviews the Company's financial reporting system.

The Board has appointed an Audit Committee consisting three non-executive Directors, all of whom are independent.

Mr. E.P. A Cooray serves as Chairman of the Audit Committee. Mr Cooray is a Certified Management Accountant.

The Report of the Audit Committee appears on Page 40.

The names of the members of the Audit Committee are as follows.

Mr. E.P.A Cooray - Chairman
Mr. S.A. Ameresekere
Mr. R Seneviratne

Remuneration Committee

The Remuneration Committee consists of three non-executive Directors all of whom are Independent. The Committee reviews the remuneration of Senior Management and Executive Directors.

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Corporate Governance

The Report of the Remuneration Committee appears on Page 41.

The names of the members of the Remuneration Committee are as follows.

Mr. A.S.R Silva - *Chairman**
Mr. Rajinda Seneviratne
Mr. Suresh D De Mel
Mr. J.M.B Pilimatalawwe

* On the resignation of the Chairman, Mr A S R Silva on 16th April 2012, Mr J M B Pilimatalawwe was appointed the new Chairman of the Committee.

Compliance with Code of Best Practice

Having given due consideration to the code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, the Board of Directors is pleased to note that several key areas of the code are already being complied with.

Effectiveness of the Board

The Board members meet the Directors and the Senior Management staff regularly and as the need arises to consider among other matters, the performance and financial statements for the period.

Decisions relating to Capital Expenditure over Rs. 250,000 and investments require the approval of the Board of Directors.

The Board meetings

The Board met 13 times during the period under review and the attendance is given below.

Name	Directorship status	Attended
Mr.E.P.A Cooray *	NED /IND	12/13
Mr. D.S Jayaweera	ED	11/13
Ms.V.S. Fernando Amunugama	ED	11/13
Mr. S.A. Ameresekere	NED	10/13
Mr. R. Seneviratne	NED/IND	11/13
Mr.J.M.B Pilimatalawwe	NED /IND	12/13
Mr.S.D.De Mel	NED /IND	11/13
Mr. A.S.R Silva <i>(Resigned with effect from 16.4.2012)</i>	NED	6/13

* *Chairman, NED = Non-Executive Director, ED= Executive Director, IND = Independent Director*

Company Secretaries

PW Corporate Secretarial (Pvt) Ltd who act as Secretaries to the Company are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007.

Compliance with Legal Requirements

The Board makes every endeavour to ensure that the Company complies with Laws and Regulations. Additionally, checks and controls are in place to ensure that the policies of the Board are complied with.

The Board of Directors ensures that in all possible aspects, the Financial Statements of the Company are prepared in accordance

with Sri Lanka Accounting Standards and in accordance with the requirements of the Colombo Stock Exchange. Maximum information is provided to shareholders and full disclosure is made subject only to any sensitive information, which could directly impact the business of the Company.

BY ORDER OF THE BOARD OF
Citrus Leisure PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo

17th August 2012

Statement of Directors' Responsibility

The Companies Act 07 of 2007 stipulates that Directors are responsible for the preparation of financial statements for each financial year and place before a general meeting financial statements, comprising a Profit and Loss Account and a Balance Sheet which presents a true and fair view of the state of affairs of the Company as at the end of the financial year and which comply with the requirements of the above Act.

The financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards. In preparing the financial statements, appropriate accounting policies have been selected and applied consistently, whilst reasonable and prudent judgments and estimates have been made.

As per Section 148 of the Act, the Directors are required to maintain sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to ensure that the financial statements presented comply with the requirements of the Companies Act.

The Directors are also responsible for devising proper internal controls for safeguarding the assets of the Company against unauthorized use or disposition, prevention and detection of fraud and for reliability of financial information used within the business or publication.

The Directors continue to adopt the going concern basis in preparing accounts and after making inquiries and following a review of the Company's budget for the financial year 2012/2013, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

The Board of Directors is of the opinion that Board has discharged its responsibilities as set out above.

By order of the Board of
Citrus Leisure PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo

17th August 2012

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

The Directors of Citrus Leisure PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2012.

General

The Company was incorporated under the Companies' Ordinance No.51 of 1938 as a Limited Company on 5th December 1973 as Hotel Reefcomber Limited and was listed on the Colombo Stock Exchange in 1984.

The Company was re-registered as per the Companies Act, No. 7 of 2007 on 27th November 2008 with PQ 211 as the new number assigned to the Company.

The name of the Company was changed to "Citrus Leisure PLC" on 23rd December 2010.

Principal Activities

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

Review of Operations

The Chairman's review covers the operations of the Company during the financial year under review.

Financial Statements

The complete Financial Statements of the Company duly signed by two Directors on behalf of the Board and the Auditors are given on pages 44 to 95.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on page 43.

Accounting Policies

The accounting policies adopted by the Company in the preparation of financial statements are given on pages 52 to 61 and are consistent with those of the previous period.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 14 to 17.

Executive Directors

Mr. Dilith Susantha Jayaweera
Ms. Varuni Sonali Fernando Amunugama

Non-Executive Director

Mr. Arumadura Samantha Rayynor Silva (Resigned with effect from 16.4.2012)

Independent Non-Executive Directors

Mr. Emilianus Prema Alphonse Cooray - Chairman
Mr. Sharvajana Anandaraj Ameresekere
Mr. Rajinda Seneviratne

Mr. Janesh Manoj Bandara Pilimalawwe
Mr. Suresh Dayanath De Mel

- Mr. Priya Chandana Bandara Talwatte was appointed as Director/CEO with effect from 2nd May 2012.
- Mr. Pathiranage Vasula Sanjeeewa Premawardhana was appointed as an Independent Non-Executive Director with effect from 2nd May 2012.
- Mr. Arumadura Samantha Rayynor Silva resigned as a Director with effect from 16th April 2012.

In terms of Article 84 of the Articles of Association of the Company, Messrs Sharvajana Anandaraj Ameresekere and Janesh Manoj Bandara Pilimalawwe retires by rotation and being eligible are recommended by the Directors for re-election.

Messrs Priya Chandana Bandara Talwatte and Pathiranage Vasula Sanjeeewa Premawardhana who have been appointed to the Board since that last Annual General Meeting as Directors of the Company, retires in terms of Articles 91 of the Articles of Association of the Company and being eligible are recommended by the Directors for re-election.

Directors of subsidiary Companies

Waskaduwa Beach Resort PLC

Mr. Emilianus Prema Alphonse Cooray
Mr. Dilith Susantha Jayaweera
Mr. Rajinda Seneviratne
Ms. Varuni Sonali Fernando Amunugama
Mr. Sharvajana Anandaraj Ameresekere

Mr. Janesh Manoj Bandara Pilimalawwe
Mr. Suresh Dayanath De Mel

Kalpitiya Beach Resort PLC

Mr. Emilianus Prema Alphonse Cooray
Mr. Dilith Susantha Jayaweera
Mr. Rajinda Seneviratne
Ms. Varuni Sonali Fernando Amunugama
Mr. Sharvajana Anandaraj Ameresekere
Mr. Janesh Manoj Bandara Pilimalawwe
Mr. Suresh Dayanath De Mel

Hikkaduwa Beach Resort Limited

Mr. Emilianus Prema Alphonse Cooray
Mr. Dilith Susantha Jayaweera
Mr. Rajinda Seneviratne
Mr. Hemantha Ratnayake
Mr. Pathiranage Vasula Sanjeeewa Premawardhana
Mr. Gehan Ramesh Walter De Soysa

Citrus Aqua Limited

Mr. Emilianus Prema Alphonse Cooray
Mr. Dilith Susantha Jayaweera
Ms. Varuni Sonali Fernando
Mr. Sharvajana Anandaraj Ameresekere
Mr. Rajinda Seneviratne
Mr. Suresh Dayanath Demel
Mr. Janesh Manoj Bandara Pilimalawwe
Mr. Hendawitharanage Chandrakumar De Silva
Mr. Howard Spencer Martenstyn
Mr. D.M. Wickramasinghe

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

Citrus Vacations Limited

Mr. Cooray Emilianus Prema Alphonse
 Mr. Perera Tennakoon Arachchilage Thomas Christopher
 Lasantha Alfred Aloysius
 Ms. Wickramasekera Dilkusha Sarojini
 Mr. Dilith Susantha Jayaweera
 Ms. Varuni Sonali Fernando Amunugama
 Mr. Sharvajana Anandaraj Ameresekere

Interests Register

The Company maintains an interest Register in terms of the Companies Act No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompass the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the

Interest Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors as at 31st March 2012 as recorded in the Interest Register are given in this report under Directors' Interest in Contracts are Directors' Shareholding.

Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 27.1 to the Financial Statements on page 95.

Directors interests in contracts

Related party disclosures as required by the Sri Lanka Accounting Standards No.30 are detailed in note 27 to the financial statements.

The Company carried out transactions in the ordinary course of its business at commercial rates with the following director related entities.

Name of Related Party	Relationship	Names of common Directors
Waskaduwa Beach Resort PLC	Subsidiary	Mr. Emilianus Prema Alphonse Cooray
Kalpitiya Beach Resort PLC	Subsidiary	Mr. Dilith Susantha Jayaweera
Hikkaduwa Beach Resort Limited	Subsidiary	Ms. Varuni Sonali Fernando Amunugama
Citrus Aqua Limited	Subsidiary	Mr. Rajinda Seneviratne
Citrus Vacations Limited	Subsidiary	Mr. Sharvajana Anandaraj Ameresekere Mr. Suresh Dayanath De Mel Mr. Janesh Manoj Bandara Pilimatalawwe

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 33.

Auditors

Messrs Ernst & Young Chartered Accountants served as the Auditors during the year under review.

A total amount of Rs. 150,000/- is payable by the Company to the Auditors for the year under review as audit fees.

The Auditors have expressed their willingness to continue in office. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Stated Capital

The Stated Capital of the Company as at 31st March 2012 was Rs1,866,570,532 representing 78,653,255 ordinary shares (Rs.932,177,933/- representing 47,191,953 ordinary shares as at 31st March 2011).

Issue of shares through exchange of warrants

The Company raised Rs943,839,060/- during the year under review through the issue of 31,461,302 ordinary shares at Rs.30/- each consequent to the exchange of warrants.

The proceeds of the said issue were utilized for the following purposes;

- * Part financing the refurbishment/expansion of the Hotel 'Citrus Hikkaduwa'
- * Purchase of a property at Passikudah
- * Capital infusion/advance of funds for the construction of the Hotels 'Citrus Waskaduwa' and Citrus Kalpitiya
- * Other short term investments

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

Directors' Shareholding

Directors' interest in the shares of the Company as at 31st March 2012 and 31st March 2011 were as follows:

	As at 31.3.2012	As at 31.3.2011
Mr. Emilianus Prema Alphonse Cooray	11,500	6,900
Mr. Dilith Susantha Jayaweera	21,600	12,960
Mr. Rajinda Seneviratne	248,665	245,099
Ms. Varuni Sonali Fernando Amunugama	21,600	12,960
Mr. Sharvajana Anandaraj Ameresekere	Nil	Nil
Mr. Janesh Manoj Bandara Pilimatalawwe	75,200	45,120
Mr. Suresh Dayanath De Mel	100,000	87,000
Mr. A.S.R. Silva (Resigned with effect from 16.04.2012)	7,295,824	5,541,552

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings per share, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on page 98 under Shareholders' Information.

Employment Policy

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

As at 31st March 2012, 08 persons were in employment (92 persons as at 31st March 2011).

Statutory Payments

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

Reserves

The reserves of the Company with the movements during the year are given in page 49 to the financial statements.

Land Holdings

The Company does not own any freehold land.

Property, Plant & Equipment

Details and movements of property, plant and equipment are given under Notes 03 to the Financial Statements on page 62 to 74.

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2012 are given in Notes 05 to the Financial Statements on page 75 to 76.

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 risks.

Donations

Rs. 2,000 were made by the Company during the year under review.

Dividends

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

Corporate Governance

The Board of Directors confirms that the Company is compliant with section 7.10 of the Listing Rules of the Colombo Stock Exchange.
The report on Corporate Governance is given on Page 31 to 33 of the Annual Report.

Post Balance Sheet Events

There were no post Balance Sheet events which would require adjustment to or disclosure in the Financial Statements.

Annual General Meeting

The Annual General Meeting of the Company will be held at No. 32, Sri Sambuddha Jayanthie Mandiraya, Sambudha Jayanthie Mawatha Colombo 5. on 27th September 2012 at 9.00am . The Notice of the Annual General Meeting is on 104 of this Report.

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

(Sgd)
E P A Cooray
Chairman

(Sgd)
Chandana Talwatte
Chief Executive Officer

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

17th August 2012

Audit Committee Report

The Audit Committee of the Company comprises of three Non-Executive Directors, two of whom are independent. Mr. E.P.A Cooray, who is a Certified Management Accountant, functions as the Chairman of the Audit Committee. The Company Secretaries function as the secretary to the Audit Committee. The Accountant attends the meeting of the Audit Committee by invitation.

The Audit Committee is empowered to review and monitor the financial reporting process of the Company, so as to provide additional assurance on the reliability of the financial statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities of ensuring the quality of financial reporting and related communications to the shareholders and the public.

The Audit Committee is empowered amongst other functions to examine any matters relating to the financial affairs of the Company and to review the adequacy of the internal control procedures, audit programmes, disclosures of accounting policies, compliance with statutory and corporate governance requirements.

The Audit Committee is of the view that the internal controls prevalent within the Company are satisfactory and provide reasonable assurance that the financial position of the Company is well monitored and the assets are safeguarded.

The Committee also reviewed the non-audit services provided by the Auditors to ensure that the provision of such services does not impair their independence.

The Committee has recommended to the Board of Directors that Messrs Ernst & Young, Chartered Accountants be reappointed the Auditors for the year ending 31st March 2013 subject to the approval of the shareholders at the Annual General Meeting. The Committee has also recommended to the Board of Directors thereon the fees payable to the Auditors for approval.

Conclusion

The Audit Committee is satisfied that the company's accounting policies and operational controls provide a reasonable assurance that the affairs of the company are managed in accordance with the company's policies and the company assets are properly accounted for and adequately safeguarded.

(Sgd)

Mr. E.P.A. Cooray

Chairman

Audit Committee

17th August 2012

Report of the Remuneration Committee

Composition

The Remuneration Committee appointed by and responsible to the Board of Directors comprises of four Non-Executive Directors three of whom are independent. The members of the Committee are Mr. A S R Silva (Chairman – Resigned w.e.f 16th April 2012), Mr. J.M.B.Pilimathalawwe (Chairman – Appointed w.e.f 16th April 2012) Mr.Rajinda Seneratne, and Mr. Suresh D De Mel.

Attendance

The Chairman of the Company attends the meetings by invitation whilst the Company Secretaries function as the Secretary of the Committee.

Frequency of Meetings

Meetings shall be held at least twice per year. Other meetings shall be convened on request by a member of the Remuneration Committee.

Minutes

The minutes of meeting of the Remuneration Committee are circulated to all members of the Board.

Role of the Committee

The Committee is responsible for evaluating and recommending to the Board a remuneration policy and practice which is consistent with and supports the strategic direction and objectives of the Company.

Remuneration Policy

The remuneration policy supports a strong performance oriented culture and ensures that individual rewards and incentives relate directly to the performance of the individual, the operations and functions for which they are responsible and the group as a whole.

Advisers

The Committee is authorized by the Board to seek appropriate professional advice inside and outside the Company as and when it considers this necessary.

Remuneration to Directors

Directors and the members of the Remuneration Committee were not paid any remuneration during the year under review.

(Sgd)

Mr. J M B Pilimathalawwe

Chairman

Remuneration Committee

17th August 2012

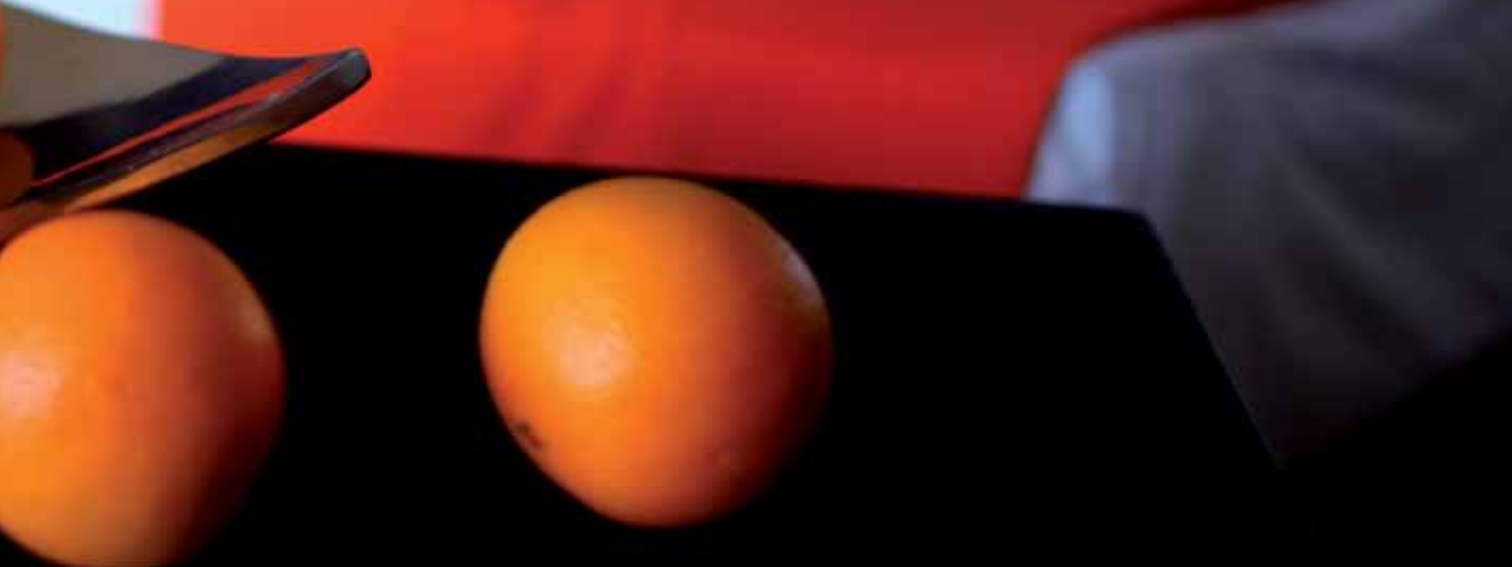
financial information



one step towards

EXCLUSIVE

Citrus Leisure PLC takes things one step further to reveal...exclusive..



Independent Auditor's Report



Chartered Accountants

201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : (0) 11 2463500
Fax Gen : (0) 11 2697369
Tax : (0) 11 5578180
eysl@lk.ey.com

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

We have audited the accompanying financial statements of Citrus Leisure PLC ("Company") the consolidated financial statements of the Company and its subsidiaries, which comprise the balance sheets as at 31 March 2012, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2012 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2012 and its loss and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2012 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Without qualifying our opinion we draw attention to Note 23.1 to the financial statements. The "Passikudah Beach Resorts Limited ("Company") is a defendant to a legal action filed against the the Company where by plaintiff claims that the title of the land belongs to the plaintiff. The said land was purchased by the Company for Rs 176 Million and is included

in Property Plant and Equipment as Freehold Land under Note 3 to these Financial Statements. The Company is defending the title, and the outcome of the legal action is pending as hearing had been postponed.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 7 of 2007.



Colombo
17th August 2012

Partners: A D B Tolwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N. A De Silva ACA Ms. Y A de Silva ACA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

Balance Sheet

As at 31 March	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
ASSETS					
Non-current Assets					
Property, Plant and Equipment	3	1,738,543,278	1,016,864,854	18,140,046	-
Leasehold Property	4	55,853,333	56,424,723	55,853,333	56,424,723
Investment in Subsidiary	5	-	-	2,777,528,741	1,926,500,000
Investment in Associates	6	1,336,264,365	-	-	-
Other Investment	7.1	-	52,250,000	-	52,250,000
		3,130,660,976	1,125,539,577	2,851,522,120	2,035,174,723
Current Assets					
Other Investments	7.2	820,835,844	2,005,614,929	333,130,657	9,614,929
Inventories	8	4,516,070	2,330,299	-	-
Trade and Other Receivables	9	294,952,189	80,171,935	296,268,953	25,420,774
Cash and Cash Equivalents	10	32,235,645	138,494,783	8,590,360	52,707,260
		1,152,539,748	2,226,611,946	637,989,970	87,742,963
Assets Classified under Ceased Operation	25	-	-	-	492,859,104
Total Assets		4,283,200,724	3,352,151,523	3,489,512,091	2,615,776,790
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	11	1,866,570,532	932,177,933	1,866,570,532	932,177,933
Revaluation Reserve	12	-	274,245,907	-	274,245,907
Retained Earnings		561,288,280	231,141,348	420,587,496	231,882,628
		2,428,858,812	1,437,565,188	2,287,158,028	1,438,306,468
Minority interest		1,126,500,563	903,669,697	-	-
TOTAL EQUITY		3,554,359,375	2,341,234,885	2,287,158,028	1,438,306,468

As at 31 March	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Non-current Liabilities					
Interest Bearing Loans and Borrowings	13	15,205,738	6,717,674	5,456,783	-
Deferred Tax Liabilities	14.3	3,549,643	19,171,714	-	-
Retirement Benefit Obligation	15	4,018,179	3,227,187	-	-
Trade and Other Payables	16	-	-	173,914,141	175,707,070
		22,773,560	29,116,575	179,370,924	175,707,070
Current Liabilities					
Trade and Other Payables	17	191,424,335	40,949,797	1,013,615,378	4,422,200
Income Tax Payable		9,981,880	1,889,209	308,264	1,889,210
Interest Bearing Loans and Borrowings	13	504,661,573	938,961,057	9,059,497	2,442,312
		706,067,788	981,800,063	1,022,983,139	8,753,722
Liabilities Classified under Ceased Operation	25	-	-	-	993,009,531
Total Equity and Liabilities		4,283,200,724	3,352,151,523	3,489,512,090	2,615,776,790

These Financial Statements are in compliance with the requirements of the Companies Act No: 7 of 2007.




Head of Finance

The board of directors is responsible for the preparation and presentation of these Financial Statements, signed for and on behalf of the board by



Director



Director

The Accounting Policies and Notes on pages 52 to 61 form an integral part of these Financial Statements.

Income Statement

Year ended 31 March	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Revenue	17	85,354,086	104,891,482	5,547,257	-
Cost of Sales		(17,059,160)	(24,948,325)	-	-
Gross Profit		68,294,926	79,943,157	5,547,257	-
Other Income and Gains	18	24,190,837	3,382,628	10,266,094	89,745
Share of Profit of Associate	6.2	32,960,967	-	-	-
Selling and Marketing Expenses		(9,950,909)	(5,723,773)	(2,007,601)	-
Administrative Expenses		(91,862,891)	(55,509,088)	(19,292,930)	-
Finance Cost	19	(123,213,309)	(8,253,927)	(30,894,757)	-
Finance Income	20	103,151,374	6,608,109	1,127,098	6,608,109
Profit / (Loss) Before Tax	21	3,570,996	20,447,106	(35,254,839)	6,697,854
Income Tax	13	(112,920)	(5,960,349)	18,856,127	(2,347,531)
Profit / (Loss) for the Year from Continuing Operation		3,458,076	14,486,757	(16,398,713)	4,350,323
Discontinued Operations					
Profit/(Loss) from Discontinuing Operations	25	-	-	(34,665,530)	11,224,887
Profit/(Loss) for the Year		3,458,076	14,486,757	(51,064,243)	15,575,210
Attributable to					
Equity holders of the parent		(9,519,134)	14,833,929		
Minority interest		12,977,210	(347,172)		
		3,458,076	14,486,757		
Earnings Per Share	22	(0.15)	0.46		
Diluted Earnings Per Share	22	(0.09)	0.15		

The Accounting Policies and Notes on pages 52 to 61 form an integral part of these Financial Statements.

Statement of Changes in Equity

Group	Attributable to equity holders of the parent				Total
	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Minority Interest Rs.	
As at 01 April 2010	157,306,510	125,036,551	(14,392,768)	-	267,950,293
Right Issue of shares	774,871,423	-	-	-	774,871,423
Issue of Shares	-	-	-	904,016,869	904,016,869
Surplus on Revaluation of Property Plant and Equipment	-	402,355,187	-	-	402,355,187
Transfer on Disposal of Revalued Assets	-	(230,700,187)	230,700,187	-	-
Impairment Loss on Previously Revalued Assets	-	(22,445,644)	-	-	(22,445,644)
Net Profit/(Loss) for the Year	-	-	14,833,929	(347,172)	14,486,757
As at 31 March 2011	932,177,933	274,245,907	231,141,348	903,669,697	2,341,234,885
Issue of Shares	934,392,599	-	-	311,434,967	1,245,827,566
Impairment Loss on Previously Revalued Assets	-	(34,953,383)	476,587	-	(34,476,796)
Transfer on Disposal of Revalued Assets	-	(239,292,523)	239,292,523	-	-
Net Profit/(Loss) for the Year	-	-	(9,519,134)	12,977,210	3,458,076
Effect of change in Group Holdings	-	-	99,896,956	(101,581,311)	(1,684,355)
As at 31 March 2012	1,866,570,532	-	561,288,280	1,126,500,563	3,554,350,375
Company		Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
As at 01 April 2010		157,306,510	125,036,551	(14,392,768)	267,950,293
Right Issue of shares		774,871,423	-	-	774,871,423
Surplus on Revaluation of Property Plant and Equipment		-	402,355,187	-	402,355,187
Transfer on Disposal of Revalued Assets		-	(230,700,187)	230,700,187	-
Impairment Loss on Previously Revalued Assets		-	(22,445,644)	-	(22,445,644)
Net Profit for the Year		-	-	15,575,210	15,575,210
As at 31 March 2011		932,177,933	274,245,907	231,882,628	1,438,306,468
Impairment Loss on Previously Revalued Assets		-	(34,953,383)	476,587	(34,476,796)
Transfer of Revaluation Reserve		-	(239,292,523)	239,292,523	-
Issue of Shares		934,392,599	-	-	934,392,599
Net Loss for the Year		-	-	(51,064,243)	(51,064,243)
As at 31 March 2012		1,866,570,532	-	420,587,496	2,287,158,028

The Accounting Policies and Notes on pages 52 to 61 form an integral part of these Financial Statements.

Cash Flow Statement

Year ended 31 March	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Profit before Income Tax Expense	3,570,996	20,447,106	(69,920,370)	21,535,559
Adjustments for				
Depreciation	15,879,142	10,375,081	9,269,703	10,375,081
Share of Profit of Associate	(32,960,967)	-	-	-
Finance Costs	123,213,309	8,253,927	63,084,053	8,253,927
Provision for Defined Benefit Plans	935,600	978,231	-	978,231
Provision for Bad & Doubtful Debts	-	114,157	-	114,157
Provision for Fall in Value of Dealing Securities	34,324,515	-	1,629,487	-
Loss on Disposal of Fixed Assets	499,839	-	-	-
Profit on Sale of Shares	(17,382,462)	(89,745)	(8,473,164)	(89,745)
Operating Profit before Working Capital Changes	128,079,972	40,078,756	(4,410,290)	41,167,209
(Increase)/Decrease in Inventories	(2,185,771)	45,548	2,330,299	45,548
(Increase)/Decrease in Trade and Other Receivables	(214,780,254)	(57,151,006)	(189,892,725)	(53,459,067)
Increase/(Decrease) in Trade and Other Payables	150,474,539	18,708,848	970,845,036	18,558,348
Cash Generated from Operations	61,588,486	1,682,147	778,872,320	6,312,038
Finance Cost Paid	(123,213,309)	(8,253,927)	(63,084,053)	(8,253,927)
Income Tax Paid	(550,000)	(607,087)	(550,000)	(607,087)
Defined Benefit Plan Cost Paid	(144,608)	(134,724)	-	(134,724)
Net Cash Flow From/(Used in) Operating Activities	(62,319,432)	(7,313,591)	715,238,267	(2,683,699)
Cash Flows from/(Used in) Investing Activities				
Acquisition of Property, Plant and Equipment	(913,824,360)	(40,739,150)	(9,255,190)	(10,568,879)
Acquisition of Freehold Properties	-	(318,299,813)	-	(318,299,813)
Acquisition of Leasehold Properties	-	(56,424,723)	-	(56,424,723)
Investment in Dealing Securities	(134,859,790)	(64,017,081)	-	(64,017,081)
Investment in Subsidiaries	-	-	(491,540,448)	(1,200,000,000)
Investment in Fixed Deposits	(333,084,897)	(1,996,000,000)	(328,084,897)	-
Investment in Associates	(1,303,303,398)	-	-	-

Year ended 31 March	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Proceeds from Sale of Dealing Securities	84,031,799	5,273,631	65,292,333	5,273,631
Proceeds from Withdrawal of Fixed Deposits	1,604,000,000	-	-	-
Net Cash Flow Used in Investing Activities	(997,040,646)	(2,470,207,136)	(763,588,202)	(1,644,036,865)
Cash Flows from/(Used in) Financing Activities				
Proceeds from Interest Bearing Loans and Borrowings	-	930,526,185	-	930,526,185
Repayment of Interest Bearing Loans and Borrowings	(926,096,056)	(5,417,400)	(926,096,056)	(5,417,400)
Proceeds from Commercial Papers and Promissory Notes	461,320,186	-	-	-
Principal Payments under Lease Liabilities	(2,885,636)	(778,440)	(1,815,876)	(778,440)
Net Proceeds From Issuance of Share Capital	934,392,599	774,871,423	934,392,599	774,871,423
Net Proceeds from Issue of Shares by Subsidiaries	465,363,516	907,584,800	-	-
Net Cash flows From/(Used in) Financing Activities	932,094,608	2,606,786,568	6,480,667	1,699,201,768
Net Increase in Cash and Cash Equivalents	(127,265,469)	129,265,840	(41,869,268)	52,481,204
Cash and Cash Equivalents at the beginning of the year	127,049,585	(2,216,256)	50,264,948	(2,216,256)
Cash and Cash Equivalents at the end of the year	(215,884)	127,049,584	8,395,680	50,264,948

The Accounting Policies and Notes on pages 52 to 61 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Citrus Leisure PLC ("Company") is a Public Limited Liability Company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at No 5, Police Park Avenue, Colombo 05.

1.2 Principal Activities and Nature of Operations Company

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

The operations in relation to provision of food and beverage, lodging, and other hospitality industry related activities of the Company have been discontinued with effect from 06 September 2011.

Subsidiaries

The principal activities of the subsidiaries of the companies are provision of food and beverage, lodging, other hospitality industry related activities, carrying at inbound and outbound travels, water sports and Tourism.

1.3 Parent Entity and Ultimate Parent Entity

On 22 July 2010 Amaya Leisure PLC divested its 51% stake in the Company through open market operations and the parent subsidiary relationship existed with Amaya Leisure PLC has been ceased with effect from that date.

The Company does not have an identifiable parent or an ultimate parent entity of its own.

1.4 Date of Authorisation for Issue

The financial statements of Citrus Leisure PLC and its Subsidiaries for the year ended 31 March 2012 were authorized for issue in accordance with a resolution of the Board of Directors on 17 August 2012 .

2 BASIS OF PREPARATION

2.1

The Financial Statements have been prepared on a historical cost basis, except for the revaluation of certain Property Plant and Equipment that have been measured at fair value. The Financial Statements are presented in Sri Lanka Rupees. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 7 of 2007.

2.1.1 Statement of Compliance

The Financial Statements of Citrus Leisure PLC and its subsidiaries (the 'Group') have been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

2.1.2 Basis of Consolidation

(a) Subsidiary

The consolidated financial statements of Citrus Leisure PLC and its subsidiaries are prepared as at 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-

group transactions are eliminated in full.

The subsidiaries are consolidated from the date the Parent obtains control until such time as control ceases.

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

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement.

All assets and liabilities of the Company and of its subsidiaries included in the consolidation are shown in the consolidated balance sheet. The consolidated cash flow statement includes the cash flows of the Company and its subsidiaries.

The following subsidiaries have been incorporated in Sri Lanka

Name of the Subsidiary	Holding Percentage	
	2012	2011
Hikkaduwa Beach Resort Limited	98.67%	100%
Kalpitiya Beach Resort PLC	69.26%	72.18%
Waskaduwa Beach Resort PLC	59.30%	62.85%
Passikudah Beach Resorts Limited	100%	-
Citrus Aqua Limited	51%	-
Citrus Vacations Limited	51%	-

2.1.3 Comparative Information

The Accounting Policies have been consistently applied by the Group and, are consistent with those used in the previous year. The previous year's figures and phrases have been re-arranged wherever necessary to conform to the current presentation.

2.2 Significant Accounting Judgments, Estimates and Assumptions Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Financial Statements

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.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of

Notes to the Financial Statements

assets and liabilities are given in related notes to the Financial Statements.

Fair value of Property, Plant and Equipment

The Property, Plant and Equipment of the Group are reflected at fair value. When current market prices of similar assets are available, such evidence is considered in estimating fair values of these assets. In the absence of such information the Group determines within a reasonable fair value estimates, amounts that can be attributed as fair values, taking into consideration discounted cash flow projections based on estimates, derived evidence such as current market rents for similar properties and using discount rates that reflect uncertainty in the amount and timing of cash flows.

Defined Benefit Plans

The cost of defined benefit plans - gratuity is determined using gratuity formulae method. The gratuity formulae method involves making assumptions about discount rates and future salary increases as disclosed in note 13 of these financial statements. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

2.3 Summary of Significant Accounting Policies

2.3.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional

currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non - monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Taxation

Current Taxes

Current income tax assets and liabilities for the current and prior periods 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 by the balance sheet date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the balance

sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, 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 assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply

to 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 balance sheet date.

Deferred income tax relating to items recognised directly equity is recognised in equity and not in the income statement.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the VAT is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of VAT included. The amount of VAT recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

2.3.3 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing cost that are directly attributable to the acquisition construction or production of an asset that take substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset.

2.3.4 Inventories

Inventories are valued at the lower of cost and estimated net realisable value, after making due

Notes to the Financial Statements

allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae.

House keeping and Maintenance	}	- At actual cost on FIFO basis
Food		
Beverage		
Printing & Stationary		
Ayurveda		

2.3.5 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realise net of provisions for bad and doubtful receivables.

Other receivables and dues from related parties are recognised at cost less provision for bad and doubtful receivables.

2.3.6 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.

2.3.7 Property, Plant and Equipment

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Land and buildings are measured at fair value less depreciation on buildings and the impairment charge if any, subsequent to the date of revaluation.

Depreciation is calculated on a reducing balance basis over the useful life of the assets.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit

directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

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 reserve relating to the particular asset being sold is transferred to retained earnings.

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

2.3.8 Finance Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described in 2.3.7.

Operating lease payments are recognised as an expense in the income statement on straight line basis over the lease term.

2.2.9 Leased Property

Leasehold property comprising of land use rights obtained on a long-term basis, is stated at the recorded carrying values. Such carrying amounts are amortised over the remaining lease term or useful life of the leased property whichever is shorter.

2.2.10 Investments

a) *Investment in Associates*

The Group's investment in associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The income

Notes to the Financial Statements

statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

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

b) Other Investments

Initial Recognition:

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The Group distinguishes and presents current and non current investment in the Balance Sheet.

Measurement:

Current Investments

Current investments are stated at lower of cost and market value determined on an aggregate portfolio basis.

The cost of an investment is the cost of acquisition inclusive of brokerage fees and stamp duty.

Unrealized gains and losses on current investments carried at market value i.e. reduction to market value and reversals of such reductions required to reflect current investments at the lower of cost and market value, are included in income statement.

Long Term Investments

Non-quoted long term investments are stated at cost. Temporary reductions and reversals of such values of marketable equity securities on a portfolio basis are dealt in Equity.

The cost of the investment is the cost of acquisition inclusive of brokerage fees, duties and bank fees.

The carrying amount of long term investments is reduced to recognise a decline other than temporary in the value of investments, determined on an individual investment basis.

2.3.11 Provisions

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

the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

2.3.12 Retirement Benefit Obligations

a) *Defined Benefit Plan – Gratuity*

Gratuity is a defined benefit plan. The Group is liable to pay gratuity in terms of relevant statute.

In order to meet this liability, a provision is carried forward in the balance sheet in a manner computed using the prescribed formulae in Appendix E of SLAS 16 – Employment Benefits (Revised - 2006).

The resulting difference between brought forward provision at the beginning of the year, net of any payment made, and the carried forward provision at the end of a year, is dealt with in the Income Statement.

The gratuity liability is not funded.

b) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12 %

and 3 % of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.13 Impairment of Non financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In

Notes to the Financial Statements

this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

- a) **Income from Hotel**
Apartment revenue is recognised on the rooms occupied on a daily basis and food and beverage and other hotel related sales are accounted for at the point of sale.
- b) **Marketing Fee**
Income from marketing fee is recognized on accrual basis.
- c) **Interest**
Interest Income recognized on a time proportion basis that takes in to account the effective interest rate on asset.
- d) **Other income**
Other income is recognised on an accrual basis.

2.2.15 Segmental Information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segments) which are subject to risks and rewards that are different from those of other segments.

2.3 Sri Lanka Accounting Standards effective from 01 January 2012:

The Company will be adopting the new Sri Lanka Accounting Standards (new SLAS) comprising LKAS and SLFRS applicable for financial periods commencing from 01 January 2012/01 April 2012 as

issued by the Institute of Chartered Accountants of Sri Lanka. The Company has commenced reviewing its accounting policies and financial reporting in readiness for the transition.

The Institute of Chartered Accountants of Sri Lanka has resolved an amendment to Sri Lanka Accounting Standard 10, whereby the provision contained in paragraphs 30 and 31 of SLAS 10 – Accounting Policies, Changes in Accounting Estimates and Errors, would not be applicable for financial statements prepared in respect of financial periods commencing before 1 January 2012 and hence the impact of this transition is not required to be disclosed in these financial statements.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Group

3.1.1 Gross Carrying Amounts

At Cost	Balance As At 01.04.2011 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2012 Rs.
Freehold Land	572,237,748	437,303,857	-	1,009,541,605
Buildings	10,641,848	455,890,356	-	466,532,204
Motor Vehicles	436,980	153,580	-	590,560
Furniture and Fittings	1,561,628	38,142,597	-	39,704,225
Plant & Machinery	-	3,762,499	-	3,762,499
Equipments :				
Entertainment Equipment	2,072,979	4,865,840	(2,072,979)	4,865,840
Office Equipment	1,657,836	4,959,210	(238,248)	6,378,798
Gardening and Other Equipment	742,933	296,739	(647,331)	392,341
Sundry Equipment	2,434,688	15,137,212	-	17,571,900
Linen and Furnishing	10,006,123	5,548,148	(7,752,930)	7,801,341
Kitchen Utensils and Other Equipment	5,040,556	11,335,951	(4,352,961)	12,023,546
Air Condition	-	52,348,809	-	52,348,809
Computer Equipments	-	731,978	(133,365)	598,613
Electrical Fittings	421,597	20,360,049	-	20,781,646
Crockery and Cutlery	1,806,057	2,671,735	(1,806,056)	2,671,736
Passenger Boat	-	10,000,000	-	10,000,000
	609,060,973	1,063,508,560	(17,003,870)	1,655,565,663

3.1.2 At Valuation

	Balance As At 01.04.2011 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2012 Rs.
Freehold Land	249,680,000	-	(249,680,000)	-
Buildings	143,963,000	-	(143,963,000)	-
Motor Vehicles	700,000	-	(700,000)	-
Furniture and Fittings	7,385,300	-	(7,385,300)	-
Equipments:				
Entertainment Equipment	4,390,000	-	(4,390,000)	-
Office Equipment	1,488,000	-	(1,488,000)	-
Gardening and Other Equipment	8,000	-	(8,000)	-
Sundry Equipment	784,000	-	(784,000)	-
Kitchen Utensils and Other Equipment	16,491,707	-	(16,491,707)	-
Electrical Fittings	2,035,000	-	(2,035,000)	-
	426,925,007	-	(426,925,007)	-

3.1.3 Assets on Finance Leases

Electrical Fittings	4,057,500	26,000	-	4,083,500
Motor Vehicle	-	22,572,290	-	22,572,290
	4,057,500	22,598,290	-	26,655,790
Total Value of Depreciable Assets	1,040,043,480	1,086,106,850	(443,928,877)	1,682,221,453

3.1.4 In the Course of Construction

Building Work in Progress	2,057,530	490,882,029	(427,409,768)	65,529,791
Total Gross Carrying Amount	1,042,101,010	1,576,988,879	(871,338,645)	1,747,751,245

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT CONTD.

3.1 Group Contd.

3.1.5 Depreciation

At Cost	Balance As At 01.04.2011 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2012 Rs.
Buildings	355,128	2,034,138	(488,238)	1,901,028
Motor Vehicles	-	128,734	-	128,734
Furniture and Fittings	207,273	996,629	(326,980)	876,922
Plant & Machinery	-	42,412	-	42,412
Equipments :	-	-	-	-
Entertainment Equipment	1,234,051	554,019	(1,493,174)	294,897
Office Equipment	205,863	407,344	(860,046)	(246,839)
Gardening and Other Equipment	306,631	83,679	(371,364)	18,946
Sundry Equipment	865,993	723,258	(1,271,774)	317,476
Linen and Furnishing	6,730,588	1,979,296	(8,398,274)	311,610
Kitchen Utensils and Other Equipment	752,521	552,025	(1,004,549)	299,997
Air Condition	-	158,815	-	158,815
Computer Equipments	-	119,948	(84,456)	35,492
Electrical Fittings	59,442	100,506	(75,657)	84,290
Crockery and Cutlery	1,707,491	314,366	(1,739,442)	282,416
	12,424,981	8,195,169	(16,113,954)	4,506,196

3.1 Group Contd.

3.1.5 Depreciation

At Valuation	Balance As At 01.04.2011 Rs.	Charge for the year Rs.	Disposals Rs.	Balance As At 31.03.2012 Rs.
Buildings	-	2,178,640	(2,178,640)	-
Motor Vehicles	478,517	87,500	(566,017)	-
Furniture and Fittings	2,170,216	307,720	(2,477,936)	-
Equipments:	-			
Entertainment Equipment	2,040,368.22	313,571	(2,353,939)	-
Office Equipment	691,588	106,285	(797,873)	-
Gardening and Other Equipment	2,121	285	(2,406)	-
Sundry Equipment	269,618	39,200	(308,817)	-
Kitchen Utensils and Other Equipment	5,671,497	824,585	(6,496,082)	-
Electrical Fittings	539,435	72,678	(612,114)	-
	11,863,360	3,930,468	(15,793,827)	-
Assets On Finance Leases				
Electrical Fittings	947,815	156,011	-	1,103,826
Motor Vehicle	-	3,597,495	-	3,597,495
	947,815	3,753,506	-	4,701,321
Total Depreciation	25,236,156	15,879,142	(31,907,781)	9,207,517

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT CONTD.

3.1 Group Contd.

3.1.6 Net Book Values

	2012 Rs.	2011 Rs.
At Cost		
Freehold Land	1,009,541,605	572,237,748
Buildings	464,631,176	10,286,720
Motor Vehicles	461,826	436,980
Furniture and Fittings	38,827,302	1,354,355
Plant & Machinery	3,720,087	-
Equipments :		
Entertainment Equipment	4,570,943	838,928
Office Equipment	6,625,637	1,451,973
Gardening and Other Equipment	373,395	436,302
Sundry Equipment	17,254,424	1,568,696
Linen and Furnishing	7,489,731	3,275,535
Kitchen Utensils and Other Equipment	11,723,549	4,288,035
Air Condition	52,189,994	-
Computer Equipments	563,121	-
Electrical Fittings	20,696,906	362,156
Crockery and Cutlery	2,389,321	98,566
Passenger Boat	10,000,000	-
	1,651,059,018	596,635,992

3.1 Group Contd.

3.1.6 Net Book Values Contd.

	2012 Rs.	2011 Rs.
At Valuation		
Freehold Land	-	249,680,000
Buildings	-	143,963,000
Motor Vehicles	-	221,483
Furniture and Fittings	-	5,215,084
Equipments:		
Entertainment Equipment	-	2,349,632
Office Equipment	-	796,412
Gardening and Other Equipments	-	5,879
Sundry Equipment	-	514,382
Kitchen Utensils and Other Equipments	-	10,820,210
Electrical Fittings	-	1,495,565
	-	415,061,647
Assets on Finance Leases		
Electrical Fittings	2,979,674	3,109,685
Motor Vehicle	18,974,795	-
	21,954,469	3,109,685
In the Course of Construction		
Building Work in Progress	65,529,791	2,057,530
Total Carrying Amount of Property, Plant and Equipment	1,738,543,278	1,016,864,854

AMAZING

3. PROPERTY, PLANT AND EQUIPMENT CONTD.

3.1 Group Contd.

3.1.7 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.1,576,988,879/- . Cash payment amounting to Rs. 913,824,360 /-were made during the year for purchase of Property, Plant and Equipment.

3.1.8 The useful lives of the assets used by the companies in the Group is estimated as follows

	Cost	Revalued
Buildings	40 Years	22 Years
Motor Vehicles	4 Years	4 Years
Furniture and Fittings	6 Years	12 Years
Equipments :		
Entertainment Equipment	4 Years	7 Years
Office Equipment	6 Years	7 Years
Gardening and Other Equipment	5 Years	14 Years
Sundry Equipment	3 Years	10 Years
Kitchen Utensils and Other Equipment	10 Years	10 Years
Electrical Fitting	13 Years	14 Years
Crockery and Cutlery	1 Year	-
Passenger Boat	10 Years	-
Linen and Furniture	3 Years	-

3.1.9 Information on the Freehold Land, Freehold Buildings and Leasehold Land of the Group.

Company	Location	Ownership	Extent	Lease Period	No of Buildings
Hikkaduwa Beach Resort Limited	Hikkaduwa	Freehold	312 Perches	-	1
Waskaduwa Beach Resort PLC	Waskaduwa	Freehold	1,265 Perches	-	-
Kalpitiya Beach Resort PLC	Kalpitiya	Leasehold	5,680 Perches	99 years	-
Kalpitiya Beach Resort PLC	Kalpitiya	Freehold	6,772 Perches	-	-

3.2 Company

3.2.1 Gross Carrying Amounts

At Cost	Balance As At 01.04.2011 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2012 Rs.
Freehold Land				
Buildings	10,641,848	3,829,248	(10,641,848)	3,829,248
Furniture and Fittings	1,436,479	3,135,044	(1,436,478)	3,135,045
Equipments :				
Entertainment Equipment	2,072,979	-	(2,072,980)	-
Office Equipment	1,657,836	742,651	(1,657,836)	742,651
Gardening and Other Equipment	647,331	-	(647,331)	-
Sundry Equipment	2,434,688	56,100	(2,434,689)	56,099
Linen and Furnishing	10,006,123	95,339	(10,006,123)	95,339
Kitchen Utensils and Other Equipment	5,040,556	1,246,728	(5,040,556)	1,246,728
Electrical Fittings	421,597	-	(421,597)	-
Crockery and Cutlery	1,806,056	-	(1,806,056)	-
Motor Vehicle	-	150,080	-	150,080
	36,165,493	9,255,190	(36,165,494)	9,255,190

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT CONTD.

3.2 Company Contd.

3.2.2 At Valuation

	Balance As At 01.04.2011 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2012 Rs.
Freehold Land	249,680,000	-	(249,680,000)	-
Buildings	143,963,000	-	(143,963,000)	-
Motor Vehicles	700,000	-	(700,000)	-
Furniture and Fittings	7,385,300	-	(7,385,300)	-
Equipments:				
Entertainment Equipment	4,390,000	-	(4,390,000)	-
Office Equipment	1,488,000	-	(1,488,000)	-
Gardening and Other Equipment	8,000	-	(8,000)	-
Sundry Equipment	784,000	-	(784,000)	-
Kitchen Utensils and Other Equipment	16,491,707	-	(16,491,707)	-
Electrical Fittings	2,035,000	-	(2,035,000)	-
	426,925,007	-	(426,925,007)	-

3.2.3 Assets on Finance Leases

Electrical Fittings	4,057,500	26,200	-	4,083,700
Motor Vehicle	-	8,000,000	-	8,000,000
	4,057,500	8,026,200	-	12,083,700
Total Value of Depreciable Assets	467,148,000	17,281,390	(463,090,501)	21,338,890

3.2.4 Depreciation

At Cost	Balance As At 01.04.2011 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2012 Rs.
Buildings	355,128	180,976	(488,238)	47,866
Furniture and Fittings	207,273	380,960	(326,980)	261,253
Equipments :				
Entertainment Equipment	1,234,051	259,122	(1,493,174)	-
Office Equipment	205,863	200,041	(344,016)	61,888
Gardening and Other Equipment	306,631	64,733	(371,364)	-
Sundry Equipment	865,993	415,131	(1,271,774)	9,350
Linen and Furnishing	6,730,588	1,715,357	(8,398,274)	47,671
Kitchen Utensils and Other Equipment	752,521	299,979	(1,004,549)	47,951
Electrical Fitting	59,442	16,215	(75,657)	-
Crockery and Cutlery	1,707,491	31,950	(1,739,442)	-
Motor Vehicle	-	18,760	-	18,760
	12,424,981	3,583,224	(15,513,468)	494,738

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT CONTD.

3.2 Company Contd.

3.2.4 Depreciation Contd.

At Valuation	Balance As At 01.04.2011 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2012 Rs.
Buildings	-	2,178,640	(2,178,640)	-
Motor Vehicles	478,517	87,500	(566,016)	-
Furniture and Fittings	2,170,216	307,721	(2,477,937)	-
Equipments:				
Entertainment Equipment	2,040,368	313,571	(2,353,941)	-
Office Equipment	691,588	106,286	(797,873)	-
Gardening and Other Equipment	2,121	286	(2,407)	-
Sundry Equipment	269,618	39,200	(308,818)	-
Kitchen Utensils and Other Equipment	5,671,497	824,585	(6,496,083)	-
Electrical Fittings	539,435	72,679	(612,111)	-
	11,863,359	3,930,468	(15,793,823)	-
Assets On Finance Leases				
Electrical Fittings	947,815	156,011	-	1,103,826
Motor Vehicle	-	1,600,000	-	1,600,000
	947,815	1,756,011	-	2,703,826
Total Depreciation	25,236,156	9,269,703	(31,307,292)	3,198,564

3.2.5 Net Book Values

	2012 Rs.	2011 Rs.
At Cost		
Buildings	3,781,382	10,286,720
Furniture and Fittings	2,873,791	1,229,205
Equipments :		
Entertainment Equipment	-	838,928
Office Equipment	680,763	1,451,973
Gardening and Other Equipment	-	340,700
Sundry Equipment	46,750	1,568,695
Linen and Furnishing	47,388	3,275,535
Kitchen Utensils and Other Equipment	1,198,777	4,288,035
Electrical Fittings	-	362,155
Crockery and Cutlery	-	98,566
Motor Vehicle	131,320	-
	8,760,172	23,740,511
At Valuation		
Freehold Land	-	249,680,000
Buildings	-	143,963,000
Motor Vehicles	-	221,483
Furniture and Fittings	-	5,215,084
Equipments:		
Entertainment Equipment	-	2,349,632
Office Equipment	-	796,412
Gardening and Other Equipments	-	5,879
Sundry Equipment	-	514,382
Kitchen Utensils and Other Equipments	-	10,820,210
Electrical Fittings	-	1,495,565
	-	415,061,648
Assets on Finance Leases		
Electrical Fittings	2,979,874	3,109,685
Motor Vehicle	6,400,000	-
	9,379,874	3,109,685
Total Carrying Amount of Property, Plant and Equipment	18,140,046	441,911,843

AMAZING

3. PROPERTY, PLANT AND EQUIPMENT CONTD.

3.2 Company Contd.

- 3.2.6 A revaluation was carried out by independent professional valuer Messrs. B.L.Ariyathilake for the purpose of ascertaining the fair value of land and building. Such assets were valued on an open market value basis. The results of such revaluation was incorporated in these financial statement from its effective dates which is 21st February 2011. The surplus arising from the revaluation was transferred to a Revaluation Reserve during the Financial Year 2010/2011.
- 3.2.7 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 328,868,692/- (2011 - Rs. 9,255,190/-). Cash payment amounting to Rs. 328,868,692/- (2011 - Rs. 9,255,190/-) were made during the year for purchase of Property, Plant and Equipment.

4 LEASEHOLD PROPERTY

	Group/Company	
	2012	2011
	Rs.	Rs.
As at 01 April	56,424,723	-
Acquired during year	-	56,567,570
Amortisation for the year	(571,390)	(142,847)
At 31 March	55,853,333	56,424,723

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012	2011
	Rs.	Rs.
Investments in Quoted Subsidiaries (Note 5.1)	2,105,079,461	1,926,500,000
Investments in Non - Quoted Subsidiaries (Note 5.2)	672,449,280	-
Total Carrying Value of Investments in Subsidiaries	2,777,528,741	1,926,500,000

5. INVESTMENTS IN SUBSIDIARIES CONTD.

5.1 Quoted

	Holding		Carrying	Market	Carrying	Directors'
	%	%	Value	Value	Value	Valuation
	2012	2011	2012	2012	2011	2011
			Rs.	Rs.	Rs.	Rs.
Waskaduwa Beach Resort PLC	59.30	62.85	931,000,000	876,551,710	880,000,000	880,000,000
Kalpitiya Beach Resort PLC	69.26	72.18	1,174,079,461	1,004,885,109	1,046,500,000	1,046,500,000
			2,105,079,461	1,881,436,819	1,926,500,000	1,926,500,000

5. INVESTMENTS IN SUBSIDIARIES

5.2 Non-Quoted

	Holding		Carrying	Market	Carrying	Directors'
	%	%	Value	Value	Value	Valuation
	2012	2011	2012	2012	2011	2011
			Rs.	Rs.	Rs.	Rs.
Hikkaduwa Beach Resort Limited	98.67	-	659,837,280	659,837,280	-	-
Citrus Aqua Limited	51.00	-	12,000,000	12,000,000	-	-
Citrus Vacation Limited	51.00	-	612,000	612,000	-	-
			672,449,280	672,449,280	-	-

Notes to the Financial Statements

6. INVESTMENT IN ASSOCIATES

Cost of investment in Associate

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

6.1 Quoted

	Number of Shares		Rs.	Rs.
	2012	2011		
Colombo Land & Development Company PLC	40,338,600	-	1,303,303,398	-
Post Acquisition Profit			32,960,967	-
Carrying Value of Investment			1,336,264,365	-

6.1 Quoted Contd.

Share of Associates Balance Sheet

	2012	2011
	Rs.	Rs.
Current Assets	44,579,034	-
Non- Current Assets	595,814,248	-
Current Liabilities	(8,140,372)	-
Non- Current Liabilities	(714,170)	-
Net Assets	631,538,739	-
Fair value, Good will and other adjustments	704,725,626	-
Carrying amount of the Investment	1,336,264,365	-

6.2. Share of the associates revenue and loss

Revenue	37,466,000	-
Profit before Income Tax	33,119,692	-
Income Tax	(158,725)	-
Profit after tax	32,960,967	-

7 OTHERS INVESTMENTS

7.1 Non Current

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Investments in Equity Securities (Note 7.1.1)	-	52,250,000	-	52,250,000

7.2 Current

Investment in Dealing securities (Note 7.2.1)	95,750,946	9,614,929	5,045,760	9,614,929
Investments in Fixed Deposits	725,084,897	1,996,000,000	328,084,897	-
Total Carrying Value of Current Investments	820,835,844	2,005,614,929	333,130,657	9,614,929

7.1.1 Investment in Equity Securities -Non Current - Group/Company

	No. of Shares		Carrying Value	Directors' Valuation	Carrying Value	Directors' Valuation
	2012	2011	2012 Rs.	2012 Rs.	2011 Rs.	2011 Rs.
Non- Quoted						
Vallible One Limited	-	2,090,000	-	-	52,250,000	52,250,000
Total Investments in Non-Quoted Equity Securities	-	2,090,000	-	-	52,250,000	52,250,000

7.2.1 Investment in Dealing Securities - Current - Group

	No. of Shares		Carrying Value	Market Valuation	Carrying Value	Market Valuation
	2012	2011	2012 Rs.	2012 Rs.	2011 Rs.	2011 Rs.
Asian Hotels and Properties PLC	9,200	-	860,531	734,160	-	-
John Keells Holdings PLC	100	10,000	19,162	20,600	2,939,682	2,856,000
Aitken Spense Hotel Holdings PLC	577,300	-	56,459,715	40,408,346	-	-

Notes to the Financial Statements

Royal Ceramics Lanka PLC	474,600	43,800	74,365,460	54,587,760	6,675,247	6,876,600
	1,052,000	53,800	131,704,868	95,750,866	9,614,929	9,732,600
Less; Fall in Value of Investment	-	-	(35,953,922)	-	-	-
Total Investments in Dealing Securities	1,052,000	53,800	95,750,946	95,750,866	9,614,929	9,732,600

Investment in Dealing Securities - Current - Company

	No. of Shares		Carrying Value	Market Valuation	Carrying Value	Market Valuation
	2012	2011	2012 Rs.	2012 Rs.	2011 Rs.	2011 Rs.
John Keells Holdings PLC	-	10,000	-	-	2,939,682	2,856,000
Royal Ceramics Lanka PLC	43800	43800	6,675,247	5,045,760	6,675,247	6,876,600
Less; Fall in Value of Investment			(1,629,487)	-	-	-
			5,045,760	5,045,760	9,614,929	9,732,600

8 INVENTORIES

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
House Keeping and Maintenance	1,156,564	639,614	-	-
Food	1,281,704	670,235	-	-
Beverage	1,587,141	806,573	-	-
Printing and Stationary	477,156	196,722	-	-
Ayurveda	13,505	17,155	-	-
	4,516,070	2,330,299	-	-

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Trade Debtors	106,275,643	34,540,858	2,361,943	-
Other Debtors-Related Parties (Note 9.1)		-	289,884,831	24,440,006
- Others	74,611,824	22,280,769	1,060,687	980,768
Advances, Deposits and Prepayments	114,064,722	23,350,308	2,961,493	-
	294,952,189	80,171,935	296,268,953	25,420,774

9.1 Amounts Due From Related Parties

	Relationship	Group		Company	
		2012	2011	2012	2011
Waskaduwa Beach Resort PLC	Subsidiary Company	-	-	-	2,091,061
Kalpitiya Beach Resort PLC	Subsidiary Company	-	-	-	22,348,945
Hikkaduwa Beach Resort Limited	Subsidiary Company	-	-	95,989,574	-
Citrus Aqua Limited	Subsidiary Company	-	-	264,933	-
Citrus Vacation Limited	Subsidiary Company	-	-	15,014,449	-
Citrus Silver Limited	Subsidiary Company	-	-	88,274	-
Passikudah Beach Resort Limited	Subsidiary Company	-	-	178,523,999	-
Citrus Villas Limited	Affiliate	-	-	3,601	-
		-	-	289,884,831	24,440,006

Notes to the Financial Statements

10. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

	Group		Company	
	2012	2011	2012	2011
Components of Cash and Cash Equivalents				
10.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	32,235,645	138,494,783	8,590,360	52,707,260
10.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft	(32,451,529)	(11,445,198)	(194,680)	(2,442,312)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(215,884)	127,049,585	8,395,680	50,264,948

11. STATED CAPITAL

	2012		2011	
	Number	Rs.	Number	Rs.
Balance at Beginning of the Year	47,191,953	932,177,933	15,730,651	157,306,510
Issue of shares for cash	31,461,302	934,392,599	31,461,302	774,871,423
Balance at End of the Year	78,653,255	1,866,570,532	47,191,953	932,177,933

12. REVALUATION RESERVES

	2012	2011
	Rs.	Rs.
On Property, Plant and Equipment		
As at 01 April	274,245,907	125,036,551
Revaluation Surplus During the Year	-	402,355,187
Realised surplus on Disposal Transferred to Retained Earnings	(239,292,523)	(230,700,187)
Impairment Loss on Previously Revalued Assets	(34,953,383)	(22,445,644)
As at 31 March	-	274,245,907

The revaluation surplus consist of net surplus resulting from the revaluation of Property, Plant and Equipment as described in Note 3.4 of these Financial Statements. The unrealized amounts cannot be directly distributable to Shareholders.

Write off of impairment losses relating to Property, Plant and Equipment where a revaluation surplus arising from a previous revaluation of these assets had been included in this reserve.

13 INTEREST BEARING

Loans and Borrowings

	2012 Amount Repayable Within 1 Year Rs.	2012 Amount Repayable After 1 Year Rs.	2012 Total Rs.	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.
Group						
Bank Loans (Note 13.1)	6,561,329	-	6,561,329	926,528,600	6,128,785	932,657,385
Finance Lease (Note 13.2)	4,328,529	15,205,738	19,534,267	987,259	588,889	1,576,148
Commercial papers and Promissory Notes	461,320,186	-	461,320,186	-	-	-
Bank Overdrafts	32,451,529	-	32,451,529	11,445,198	-	11,445,198
	504,661,573	15,205,738	519,867,311	938,961,057	6,717,674	945,678,731

	2012 Amount Repayable Within 1 Year Rs.	2012 Amount Repayable After 1 Year Rs.	2012 Total Rs.	2011 Amount Repayable Within 1 Year Rs.	2011 Amount Repayable After 1 Year Rs.	2011 Total Rs.
Company						
Bank Loans (Note 13.1)	6,561,329	-	6,561,329	926,528,600	6,128,785	932,657,385
Finance Lease (Note 13.2)	2,303,488	5,456,783	7,760,271	987,259	588,889	1,576,148
Bank Overdrafts	194,680	-	194,680	2,442,312	-	2,442,312
	9,059,497	5,456,783	14,516,280	929,958,171	6,717,674	936,675,845

Notes to the Financial Statements

13 INTEREST BEARING CONTD.

13.1 Bank Loans

	As at 01.04.2011 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2012 Rs.	Rate of Interest %	Term of Repayment
Hatton National Bank PLC - Loan I	4,164,800	-	(1,736,500)	2,428,300	6%	60 Installments
Hatton National Bank PLC - Loan II	8,492,585	-	(4,359,556)	4,133,029	11%	54 Instalments
Pan Asia Bank PLC	920,000,000	-	(920,000,000)	-	Upto Rs.770 Mn -Deposit Rate + 2% Balance Rs.150 Mn - 12.5%	
	932,657,385	-	(926,096,056)	6,561,329		-

Securities

Hikkaduwa Beach Resort Limited's property at Hikkaduwa along with the buildings, civil structures and other fixed assets thereon are pledged as security for the above HNB loans.

Lien over cash deposits of Rs. 520 Mn and Rs.400 Mn belonging to the subsidiary companies Waskaduwa Beach Resort PLC and Kalpitiya Beach Resort PLC respectively and property of Waskaduwa Beach Resort PLC for the above Pan Asia Bank Loan.

13.2 Finance Lease

Group	As at 01.04.2011 Rs.	New Lease Obtained Rs.	Repayment Rs.	As at 31.03.2012 Rs.
Merchant Bank of Sri Lanka PLC	1,892,386	-	(1,051,320)	841,066
National Development Bank PLC	-	3,234,360	(215,624)	3,018,736
Divasa Finance Limited	-	27,249,660	(4,229,751)	23,019,909
Gross Liability	1,892,386	30,484,020	(5,496,695)	26,879,711
Finance Charges Allocated to Future Periods	(316,238)	(9,640,264)	2,611,059	(7,345,443)
Net Liability	1,576,148	20,843,756	(2,885,636)	19,534,268

Finance Lease Company	As at	New	Repayment	As at
	01.04.2011	Lease Obtained		31.03.2012
	Rs.	Rs.	Rs.	Rs.
Merchant Bank of Sri Lanka PLC	1,892,386	-	(1,051,320)	841,066
Divasa Finance Limited		11,929,260	(2,187,031)	9,742,229
Gross Liability	1,892,386	11,929,260	(3,238,351)	10,583,295
Finance Charges Allocated to Future Periods	(316,238)	(3,929,260)	1,422,475	(2,823,024)
Net Liability	1,576,148	8,000,000	(1,815,876)	7,760,271

14 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March are as follows :

	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Income Statement				
Current Income Tax				
Current Income Tax charge on Other Income (Note 14.1)	15,734,990	3,744,682	315,587	3,744,682
	15,734,990	3,744,682	315,587	3,744,682
Deemed Dividend Tax				
Deemed Dividend Tax Charge/(Reversal) (Note 14.2)	-	-	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (Note 14.3)	15,662,070	2,215,667	(19,171,714)	2,215,667
Income tax expense reported in the Income Statement	112,920	5,960,349	(18,856,127)	5,960,349

Notes to the Financial Statements

14.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Accounting Profit/(Loss) before income tax	3,570,996	20,447,105	(69,920,370)	21,535,559
At the statutory income tax rate of 15% (2011 : 15%)				
Allowable Item	(225,063,539)	(15,011,506)	(16,099,960)	(16,099,960)
Interest Income	(56,785,100)	(6,608,109)	(1,127,098)	(6,608,109)
Non Deductible Expenses	103,277,766	16,928,766	16,928,766	16,928,766
Taxable Profit	(174,999,878)	15,756,256	(70,218,662)	15,756,256
At the effective income tax rate of 28% (2011 : 35%)				
Interest Income	56,785,100	6,608,109	1,127,098	6,608,109
Trade income	-	12,190,648	-	12,190,648
Total Statutory Income	56,785,100	18,798,757	1,127,098	18,798,757
Tax Losses Brought Forward and Utilised	(588,709)	(6,579,565)	(6,579,565)	(6,579,565)
Assessable/Taxable Income	56,196,391	12,219,192	-	12,219,192
Statutory Tax Rate 12% (2011-15%)	-	1,376,504	-	1,376,504
Statutory Tax Rate 28% (2011-35%)	15,734,990	2,312,838	315,587	2,312,838
	15,734,900	3,689,342	315,587	3,689,342
SRL 1.5% (2011- 1.5%)	-	55,340	-	55,340
	15,734,900	3,744,682	315,587	3,744,682

14 INCOME TAX EXPENSE CONTD.

14.2 Deemed Dividend Tax

The Company hasn't recorded a distributable profit for the year ended 31st March 2011, therefore deemed dividend tax doesn't apply.

14.3 Deferred Tax Assets , Liabilities and Income Tax relates to the followings

Group	Balance Sheet		Income Statement	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	9,122,538	12,684,755		
Deferred Tax Effect on Revaluation	-	10,269,120		
	91,122,538	22,953,875	(13,831,336)	1,332,348
Deferred Income Tax Asset				
Provision for Gratuity	448,201	484,078		
Brought Forward Tax Losses	5,124,693	3,298,083		
	5,572,894	3,782,161	(1,790,733)	883,319
Deferred Income Tax (Reversal)/ Charge			(15,622,070)	2,215,667
Net Deferred Tax Liability	3,549,644	19,171,714		

Notes to the Financial Statements

14.3 Deferred Tax Assets , Liabilities and Income Tax relates to the followings contd.

	Balance Sheet		Income Statement	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	-	12,684,755		
Deferred Tax Effect on Revaluation	-	10,269,120		
	-	22,953,875	(22,953,875)	1,332,348
Deferred Income Tax Asset				
Provision for Gratuity	-	484,078		
Brought Forward Tax Losses	-	3,298,083		
	-	3,782,161	3,782,161	883,319
Deferred Income Tax (Reversal)/ Charge			(19,171,714)	2,215,667
Net Deferred Tax Liability	-	19,171,714		

15 RETIREMENT BENEFIT OBLIGATIONS GRATUITY

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Balance as at 01st April	3,227,187	2,383,681	3,227,187	2,383,681
Provision made During the Year	935,600	978,231	-	978,231
Payments made During the Year	(144,608)	(134,725)	-	(134,725)
Transfer during the year	-	-	(3,227,187)	-
Balance as at 31st March	4,018,179	3,227,187	-	3,227,187

15.1 Expense on Defined Benefit Plan

Current Service Cost	322,719	250,864	-	250,864
Interest Cost on Benefit Obligation	276,631	238,368	-	238,368
Actuarial Gain for the Year	336,250	488,999	-	488,999
Expense for the Year	935,600	978,231	-	978,231

15.2 The Company assessed the liability of the defined benefit plan - gratuity as at 31st March 2012 in accordance with the formulae method as described in appendix (E) of SLAS 16 - Employment Benefits (Revised - 2006).

The principal assumptions used were as follows;

	2012	2011
The Discount Rate Assumed	10%	10%
The Future Salary Increment Rate	9%	12%

16. TRADE AND OTHER PAYABLES

Group	2012 Rs.	2011 Rs.
Trade Creditors	87,134,726	2,601,489
Sundry Creditors including Accrued Expenses	101,673,624	35,719,037
Amounts Due to related parties(Note 16.1)	2,615,985	2,629,270
	191,424,335	40,949,796

	2012			2011		
	Current Rs.	Non-Current Rs.	Total Rs.	Current Rs.	Non-Current Rs.	Total Rs.
Company						
Trade Creditors	-	-	-	-	-	-
Sundry Creditors including Accrued Expenses	18,617,966	-	18,617,966	-	-	-
Amounts Due to Related Parties(Note 16.1)	993,204,481	-	993,204,481	2,629,270	-	2,629,270
Advance Received for Leasehold Rights	1,792,930	173,914,141	175,707,071	1,792,930	175,707,070	177,500,000
	1,013,615,377	173,914,141	1,187,529,518	4,422,200	175,707,070	180,129,270

Notes to the Financial Statements

16.1 Amounts Due to related parties

	Relationship	2012	Group 2011	2012	Company 2011
Waskaduwa Beach Resort PLC	Subsidiary Company	-	-	586,575,977	-
Kalpitiya Beach Resort PLC	Subsidiary Company	-	-	404,012,519	-
Triad (Private) Limited	Affiliate	2,615,985	2,629,270	2,615,985	2,629,270
		2,615,985	2,629,270	993,204,481	2,629,270

17 REVENUE

	2012 Rs.	Group 2011 Rs.	2012 Rs.	Company 2011 Rs.
Gross Revenue	97,161,490	120,104,793	5,547,257	-
Less:				
Value Added Tax	(10,947,303)	(14,005,153)	-	-
Turnover Tax	(6,893)	(126,390)	-	-
Tourism Development Levy	(853,207)	(1,081,768)	-	-
Net Revenue	85,354,086	104,891,482	5,547,257	-

18. OTHER INCOME AND GAINS

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Profit on Sale of Shares	17,382,462	89,745	8,473,164	89,745
Share of Lease Right	-	-	1,792,930	-
Dividend Income	1,120,835	-	-	-
Interest Income	149,445	-	-	-
Other Income from Hotel Related Activities	2,070,154	3,136,543	-	-
Exchange gain	472,391	156,340	-	-
Commissions and Service Charges	2,995,551	-	-	-
	24,190,837	3,382,628	10,266,094	89,745

19. FINANCE COSTS

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Interest Expenses on Overdraft	41,977,466	15,913	872,827	15,913
Interest Expenses on Interest Bearing Loans and Borrowings	-	-	-	-
- Others	78,624,785	7,754,868	28,599,455	7,754,868
Finance Charges on Lease Liability	2,611,059	483,146	1,422,475	483,146
	123,213,309	8,253,927	30,894,757	8,253,927

20. FINANCE INCOME

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Interest Income	103,151,374	6,608,109	1,127,098	6,608,109
	103,151,374	6,608,109	1,127,098	6,608,109

Notes to the Financial Statements

21. PROFIT BEFORE TAX

Stated after Charging/ (Crediting)

	2012 Rs.	Group 2011 Rs.	2012 Rs.	Company 2011 Rs.
Included in Administrative Expenses				
Employees Benefits including the following	5,629,255	9,609,469	-	9,609,469
- Defined Benefit Plan Costs - Gratuity	846,612	875,066	-	875,066
- Defined Contribution Plan Costs - EPF and ETF	248,268	772,285	-	772,285
Management Fee	-	1,896,079	-	1,896,079
Included in Selling and Distribution Costs				
Advertising Costs	660,311	3,655,803	-	3,655,803

22 EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

Diluted Earnings Per Share is calculated by dividing the net profit attributable to Ordinary Shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects all dilutive potential ordinary shares.

	2012 Rs.	Group 2011 Rs.
Amounts used as the Numerator		
Net Profit attributable to Equity Holders of the Parent for Basic and Diluted Earnings Per Share	(9,519,134)	14,833,929
	2012 Number	2011 Number
Number of Ordinary Shares Used as the Denominator		
Weighted Average Number of Ordinary Shares in issue applicable to Basic Earnings Per Share	61,611,716	31,904,634
Weighted Average Number of Ordinary Shares adjusted for the effect of dilution	101,565,420	94,828,381

23 COMMITMENTS AND CONTINGENCIES

- 23.1 The "Passikudah Beach Resorts Limited ("Company") is a defendant to a legal action filed against the the Company where by plaintiff claims that the title of the land belongs to the plaintiff. The said land was purchased by the Company for Rs 176 Million.
- 23.2 The Company has purchase commitments for acquisition of Property, Plant and Equipment incidental to the ordinary course of business as at 31st March, as follows.

	2012 Rs.	Group 2011 Rs.	2012 Rs.	Company 2011 Rs.
Contracted but not Provided for	3,086,071,742	3,600,000,000	-	150,000,000
	3,086,071,742	3,600,000,000	-	150,000,000

Notes to the Financial Statements

24 ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged		Included under
		2012 Rs.	2011 Rs.	
Land, Buildings and Other Fixed Assets	Mortgage for Interest Bearing Loan of Rs 12.5 Million	880,150,409	441,911,844	Property, Plant & Equipment
Land, Buildings and Other Fixed Assets	Mortgage for Interest Bearing Loan of Rs 20 Million	880,150,409	441,911,844	Property, Plant & Equipment
Cash Deposits	Lien over Interest Bearing Loan of Rs 920 Million	N/A	920,000,000	Cash and cash equivalents of Waskaduwa Beach Resort PLC
Freehold Land	Lien over Interest Bearing Loan of Rs 920 Million	N/A	395,821,438	Freehold land of Waskaduwa Beach Resort PLC

25. DISCONTINUED OPERATIONS

On 6 September 2011 the Board of Directors of Citrus Leisure PLC (Company) has decided to carry out the hotel operations of "Citrus- Hikkaduwa " through a subsidiary company called "Hikkaduwa Beach Resort Limited". Hence the Hotel operations of the Company and the assets and liabilities which directly require to carry out such operations were transferred to Hikkaduwa Beach Resort Limited with effect from 6 September 2011 onwards.

The following information is related to the operations:

	Company	
	2012	2011
	Rs.	Rs.
Results		
Revenue	6,070,590	104,891,482
Cost of Sale	(3,304,718)	(24,948,325)
Gross profit	2,765,871	79,943,157
Other Income	536,996	3,292,883
Selling and Marketing Expenses	(925,015)	(5,723,773)
Administrative Expenses	(4,354,087)	(54,420,635)
Profit Before Tax from Ceased Operation	(1,976,234)	23,091,632
Finance Cost	(32,189,296)	(8,253,927)
Loss recognised on the remeasurement to fair value	(34,165,530)	14,837,705
Loss before tax from a discontinued operation		
Income Tax	(500,000)	(3,612,818)
Loss for the year from a discontinued operation	(34,665,530)	11,224,887

Notes to the Financial Statements

25. DISCONTINUED OPERATIONS CONTD.

The Major class of assets and liabilities classified as ceased operation as at 31st March 2011 and 31st March 2012 as follows

	Company	
	2012	2011
	Rs.	Rs.
Assets		
Property, Plant and Equipment	-	441,911,844
Inventories	-	2,330,299
Trade and Other Receivables	-	48,616,962
	-	492,859,104
Liabilities		
Interest Bearing Loans and Borrowings	-	934,233,533
Deferred Tax Liabilities	-	19,171,714
Retirement Benefit Obligation	-	3,227,187
Trade and Other Payables	-	36,377,097
	-	993,009,531

26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no events which required adjustments or disclosure in these financial statements, subsequent to the balance sheet date.

27 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

Transaction with the parent and related entities	Parent*		Subsidiaries**		Other Related Parties***		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
As at 01st April	-	289,545	24,440,006	-	(2,629,270)	425,866	21,810,736	715,412
Management Fee	-	(1,896,079)	-	-	-	-	-	(1,896,079)
Central cost Allocated	-	-	-	-	-	-	-	-
settlement of liabilities on behalf of company	-	7,197,093	-	24,440,006	-	320,126	-	31,957,225
settlement of liabilities by the company on behalf of others	-	(103,000)	-	-	-	(3,576,179)	-	(3,679,179)
Transfers from other companies	-	-	-	-	-	200,917	-	200,917
Fund Transfer	-	(5,804,860)	(1,124,188,061)	-	-	-	(1,124,188,061)	(5,804,860)
Other Transactions	-	317,301	-	-	-	-	-	317,301
Investments made in the Company	-	-	(659,829,280)	-	-	-	-	-
Transfer of Freehold Land and Buildings and other assets	-	398,526,493	-	-	-	-	-	-
Transfer of Gratuity Liability	-	-	(3,472,520)	-	-	-	-	-
As at 31st March	-	-	(1,364,523,362)	24,440,006	(2,629,270)	(2,629,270)	(1,102,377,325)	21,810,737

Included in Trade and Other Receivables
Trade and Other Payables

* On 22 July 2010 Amaya Leisure PLC divested its 51% stake in the Company through open market operations and the parent subsidiary relationship existed with Amaya Leisure PLC have been ceased with effect from that date.

** The transactions with Waskaduwa Beach Resorts Limited and Kalpitiya Beach Resorts Limited are included here.

*** The transactions with Kandyan Resorts (Private) Limited, Culture Club Resorts (Private) Limited, The Beach Resorts Limited

27.1 Transactions with Key Management Personnel of the Company and its Parent

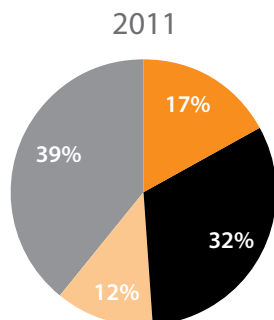
The Key Management Personnel (KMP's) includes the Board of Directors of the Company.

a) Key Management Personnel Compensation

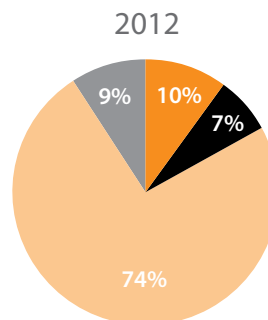
	2012 Rs.	2011 Rs.
Expenses Incurred on behalf of the KMP's	2,385,852	198,821
	2,385,852	198,821

Statement of Value Added

	2012 Rs.		2011 Rs.	
Turnover	85,354,086		120,104,793	
Other Income/(Loss)	134,581,466		9,990,737	
	219,935,552		130,095,530	
Less: Cost of Material & Services bought in	-		(63,774,671)	
	219,935,552		66,320,859	
Value Allocated to Employees				
Salaries & Wages and other benefits	69,843,832	31.8%	11,256,820	17%
To Government				
GST, NSL, VAT & TT & Income Tax	10,087,203	4.6%	21,173,660	32%
To Providers of Capital				
Loan Interest & Dividend	123,213,310	56.0%	8,253,927	12%
To Expansion & Growth				
Depreciation & Retained in Business	16,791,207	7.6%	25,636,451	39%
	219,935,552	100.0%	66,320,858	100.0%



Salaries & Wages and other benefits ■
 GST, NSL, VAT & TT & Income Tax ■
 Loan Interest & Dividend ■
 Depreciation & Retained in Business ■



Salaries & Wages and other benefits ■
 GST, NSL, VAT & TT & Income Tax ■
 Loan Interest & Dividend ■
 Depreciation & Retained in Business ■

Five Year Summery

		2007/2008		2008/2009		2009/2010		2010/2011		2011/2012	
		Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
TRADING RESULTS											
Turnover and Other Income	Rs:'000s	-	57,345	-	61,169	-	71,106	108,274	108,274	245,657	16,940
Profit/(Loss) before Tax	Rs:'000s	-	(2,824)	-	(3,691)	-	2,216	20,447	21,536	3,571	(35,255)
Income Tax (Expense) / Reversal	Rs:'000s	-	1,962	-	(536)	-	(1,020)	(5,960)	(5,960)	-	18,856
Net Profit/(Loss)	Rs:'000s	-	(862)	-	(4,227)	-	1,196	14,487	15,575	3,458	(51,064)
ASSETS											
Non Current Assets	Rs:'000s	-	300,622	-	294,395	-	292,509	1,125,540	2,477,087	3,192,399	2,851,522
Current Assets	Rs:'000s	-	66,572	-	67,757	-	30,918	2,226,612	138,690	1,155,098	637,990
Total Assets		-	367,194	-	362,152	-	323,427	3,352,152	2,615,777	4,347,497	3,489,512
EQUITY AND LIABILITIES											
Capital and Reserves											
Ordinary Share Capital	Rs:'000s	-	157,306	-	157,306	-	157,306	932,178	932,178	1,866,571	1,866,571
Revaluation Reserve	Rs:'000s	-	125,362	-	125,036	-	125,036	274,246	274,246	-	-
Revenue Reserve	Rs:'000s	-	(11,687)	-	(15,589)	-	(14,392)	231,141	231,883	521,445	420,587
Minority Interest	Rs:'000s	-	-	-	-	-	-	903,670	-	1,228,082	-
Total Equity		-	270,981	-	266,753	-	267,950	2,341,235	1,438,306	3,616,097	2,287,158
Non Current Liabilities											
Borrowings	Rs:'000s	-	35,671	-	32,697	-	5,741	6,718	6,718	15,206	179,371
Deffered Tax Liabilities	Rs:'000s	-	17,548	-	16,469	-	16,956	19,172	19,172	3,550	-
Provisions for Liabilities and Charges	Rs:'000s	-	1,701	-	1,906	-	2,384	3,227	178,934	4,018	-
		-	54,920	-	51,072	-	25,081	29,117	204,824	22,774	179,371
Current Liabilities	Rs:'000s	-	41,293	-	44,326	-	30,396	981,800	972,647	708,626	1,022,983
Total Liabilities		-	96,213	-	95,398	-	55,477	1,010,917	1,177,470	731,400	1,202,354
Total Equity and Liabilities		-	367,194	-	362,151	-	323,427	3,352,152	2,615,777	4,347,497	3,489,512
VALUE TO SHAREHOLDERS											
Earnings/(Loss) per Share - Basic	Rs.	-	(0.01)	-	(0.03)	-	0.01	0.46	-	(0.15)	-
Earnings/(Loss) per Share - Diluted	Rs.	-	-	-	-	-	-	0.15	-	(0.09)	-
Net Asset per Share	Rs.	-	1.72	-	1.69	-	1.70	49.61	30.48	30.87	48.47
Debt to Equity Ratio	Times	-	0.18	-	0.16	-	0.02	0.40	0.65	0.01	0.002
Current Ratio	Times	-	1.61	-	1.53	-	1.02	2.27	0.14	1.63	0.62
Quick Asset Ratio	Times	-	1.56	-	1.48	-	0.94	2.27	0.14	1.62	0.62
Interest Cover	Times	-	0.47	-	0.41	-	1.60	0.37	0.36	1.03	(0.14)

Share Information

Ordinary Shareholders

There were 4,408 registered shareholders as at 31st March 2012, distributed as follows.

Shareholders Categorized Summary Report – As at 31st March 2012

From	To	No of Holders	No of Shares	%
1	1,000	2,961	851,142	1.08
1,001	5,000	899	2,244,676	2.85
5,001	10,000	220	1,673,923	2.13
10,001	50,000	230	4,872,589	6.20
50,001	100,000	41	3,118,836	3.97
100,001	500,000	39	8,809,514	11.20
500,001	1,000,000	8	5,221,576	6.64
Over 1,000,000		10	51,860,999	65.94
Total		4,408	78,653,255	100.00

Categories of Share Holders

Category shareholders	No of Holders	No of Shares	%
Local Individuals	4,112	15,795,406	20.08
Local Institutions	262	62,375,053	79.30
Foreign Individuals	30	145,236	0.18
Foreign Institutions	4	337,560	0.43
Total	4,408	78,653,255	100.00

The percentage of issued shares held by the public as at 31st March 2012 was 55.75%

Warrant Information

Warrants – 2015 (W- 19)

There were 2,842 registered warrant holders as at 31st March 2012, distributed as follows.

Warrant Holders Categorized Summary Report – As At 31st March 2012

From	To	No of Holders	No of Shares	%
1	1,000	1,587	609,797	0.97
1,001	5,000	769	2,043,019	3.25
5,001	10,000	208	1,616,464	2.57
10,001	50,000	208	4,630,320	7.36
50,001	100,000	32	2,379,546	3.78
100,001	500,000	25	5,332,060	8.47
500,001	1,000,000	7	5,306,522	8.43
Over 1,000,000		6	41,004,876	65.17
Total		2,842	62,922,604	100.00

Categories of Share Holders

Category Shareholders	No of Holders	No of Shares	%
Local Individuals	2,692	13,539,645	21.52
Local Institutions	136	45,272,299	71.95
Foreign Individuals	11	511,700	0.18
Foreign Institutions	3	3,598,960	5.72
Total	2,842	62,922,604	100.00

Share Information

Warrant Information

Warrants – 2012 (W- 18)

There were 2,041 registered warrant holders as at 31st March 2012, distributed as follows.

Warrant Holders Categorized Summary Report – As at 31st March 2012

From	To	No of Holders	No of Shares	%
1	1,000	1,330	385,186	1.22
1,001	5,000	452	1,161,592	3.69
5,001	10,000	112	857,500	2.73
10,001	50,000	119	2,391,358	7.60
50,001	100,000	10	673,143	2.14
100,001	500,000	11	2,380,079	7.57
500,001	1,000,000	3	1,962,031	6.24
Over 1,000,000		4	21,650,413	68.82
Total		2,041	31,461,302	100.00

Categories of Share Holders

Category Shareholders	No of Holders	No of Shares	%
Local Individuals	1,921	5,860,623	18.63
Local Institutions	109	24,484,200	77.82
Foreign Individuals	8	49,499	0.16
Foreign Institutions	3	1,066,980	3.39
Total	2,041	31,461,302	100.00

ANNEX A

Citrus Leisure PLC

20 Major Shareholders of the Company as at 31st March 2012

NAME	No of Shares	(%)
1 PAN ASIA BANKING CORPORATION PLC /DIVASA EQUITY (PVT) LIMITED	27,024,450	34.36
2 PAN ASIA BANKING CORPORATION PLC /MR.A S R SILVA	7,295,804	9.28
3 SEYLAN BANK PLC /MR.W D N H PERERA	5,159,314	6.56
4 VALLIBEL ONE PLC	4,307,904	5.48
5 CORONA TEA STORES LTD	1,585,331	2.02
6 LAUGFS GAS LIMITED	1,500,000	1.90
7 ROYAL CERAMICS LANKA PLC	1,497,100	1.90
8 SAMPATH BANK PLC /BOSTON CAPITAL (PVT) LTD	1,444,900	1.84
9 SEYLAN BANK PLC /MR.JAYANTHA DEWAGE	1,295,050	1.65
10 SEYLAN BANK PLC /CAPITAL TRUST HOLDINGS (PVT) LTD	1,189,823	1.51
11 SWISS LLOYD LIMITED	871,405	1.10
12 PAN ASIA BANKING CORPORATION PLC /MR.RAVINDRA ERLE RAMBUKWELLA	758,800	0.96
13 MR.M MAHIBALAN	668,181	0.85
14 NWS FINANCIAL SERVICES (PVT) LTD /MR.S L D PREMASARA	623,300	0.79
15 NWS FINANCIAL SERVICES (PVT) LTD /DIVASA EQUITY (PVT) LTD	613,160	0.78
16 ABBIANI HOLDINGS (PVT) LTD	582,745	0.74
17 MR.T G THORADENIYA	562,985	0.72
18 DIVASA FINANCE LIMITED	541,000	0.69
19 MR.W K J KARANNAGODA	472,640	0.60
20 MR. C N SAMARATHUNGA	427,300	0.54
	58,421,192.00	74.26

Share Information

ANNEX B

Citrus Leisure PLC- Warrants 18

20 Major Shareholders of the Company as at 31st March 2012

NAME	No of Shares	(%)
1 PAN ASIA BANKING CORPORATION PLC /DIVASA EQUITY (PVT) LIMITED	10,907,120	34.67
2 LANKA CREATIVE CONSTRUCTIONS (PRIVATE) LIMITED	5,889,400	18.72
3 PAN ASIA BANKING CORPORATION PLC/MR.A S R SILVA	3,704,252	11.77
4 SEYLAN BANK PLC /MR.W D N H PERERA	1,149,641	3.65
5 HSBC INTERNATIONAL NOMINEES LTD-SSBT-DEUSTCHE BANK	793,900	2.52
6 CORONA TEA STORES LTD	658,354	2.09
7 ABBIANI HOLDINGS (PVT) LTD	509,777	1.62
8 SEYLAN BANK PLC /MR.JAYANTHA DEWAGE	382,320	1.26
9 MRS.K M GOONEWARDENE	281,300	0.89
10 REDWIN HOLDINGS LIMITED	257,700	0.82
11 MRS.L A I SILVA	246,100	0.78
12 MR. R UDALAGAMA	225,304	0.72
13 MR.T G THORADENIYA	214,868	0.68
14 DIVASA FINANCE LTD	208,640	0.66
15 MS.N H MAYURANI	196,790	0.62
16 NWS FINANCIAL SERVICES (PVT) LTD /C.N SAMARATUNGA	151,940	0.48
17 MR. R G SENEVIRATNE	108,666	0.34
18 MS.M R H GALAPPATTI	106,451	0.34
19 MRS.A SENEVIRATNE	85,324	0.27
20 MR.K C VIGNARAJAH	84,197	0.27
	26,162,044.00	83.16

ANNEX C

Citrus Leisure PLC- Warrants 19

20 Major Shareholders of the Company as at 31st March 2012

NAME	No of Shares	(%)
1 PAN ASIA BANKING CORPORATION PLC /DIVASA EQUITY (PVT) LIMITED	18,364,740	29.19
2 SEYLAN BANK PLC /MR.W D N H PERERA	7,475,482	11.88
3 PAN ASIA BANKING CORPORATION PLC /MR.A S R SILVA	7,433,504	11.81
4 SEYLAN BANK PLC /THARANA GANGUL THORADENIYA	3,639,742	5.78
5 HSBC INTERNATIONAL NOMINEES LTD-SSBT-DEUSTCHE BANK AG SINGAPORE A/C 01.	2,774,700	4.41
6 CORONA TEA STORES LTD	1,316,708	2.09
7 LANKA CREATIVE CONSTRUCTIONS (PRIVATE) LIMITED	1,000,000	1.58
8 PAN ASIA BANKING CORPORATION PLC /MR.RAVINDRA ERLE RAMBUKWELLE	915,000	1.45
9 SEYLAN BANK PLC /JAYANTHA DEWAGE	887,840	1.41
10 REDWIN HOLDINGS LIMITED	793,500	1.26
11 MR.W D N H PERERA	627,546	0.99
12 MRS.K M GOONEWARDENE	566,100	0.90
13 MR.T G THORADENIYA	516,536	0.82
14 MRS.L A I SILVA	492,200	0.78
15 DIVASA FINANCE LTD	417,280	0.66
16 NWS FINANCIAL SERVICES (PVT) LTD /C.N SAMARATUNGA	348,780	0.55
17 PAN ASIA BANKING CORPORATION PLC /MR.J P D P JAYASEKERA	300,026	0.47
18 MS.M R H GALAPPATTI	278,302	0.44
19 MR.R P L EHELIYAGODA	271,300	0.43
20 MR.G RAJENDRAN	224,600	0.35
	48,643,886	77.28

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of Citrus Leisure PLC will be held at No.32, Sri Sambuddha Jayanthie Mandiraya, Sri Sambuddha Jayanthie Mawatha, Colombo 05 on Thursday, 27th September 2012 at 9.00 a.m. for the following purposes.

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2012, together with the Report of the Auditors thereon.
2. To re-elect Mr. Sharvajana Anandaraj Ameresekere, who retires by rotation in terms of Article 84 of the Articles of Association as a Director of the Company.
3. To re-elect Mr. Janesh Manoj Bandara Pilimalawwe, who retires by rotation in terms of Article 84 of the Articles of Association as a Director of the Company.
4. To re-elect Mr. Priya Chandana Bandara Talwatte, in terms of Article 91 of the Articles of Association as a Director of the Company.
5. To re-elect Mr. Pathirana Vasula Sanjeeva Premawardhana, in terms of Article 91 of the Articles of Association as a Director of the Company.
6. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.

7. To authorize the Directors to determine and make payments for charitable and other purposes for the year 2012/2013 as set out in The Companies Donation Act (CAP147)

By order of the Board of
Citrus Leisure PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo

17th August 2012

Note:

- i) A Shareholder entitled to attend and vote at the meeting is entitled to appoint a Proxy, who need not be a shareholder, to attend instead of *him/her.
- ii) A Form of Proxy is enclosed in this Report
- iii) The completed Form of Proxy should be deposited at the Registered Office of the Company at No 02, Police Park Avenue, Colombo 05 by 9.00 a.m. on 25th September 2012.

Form of Proxy

*I/We of being a
 *Shareholder / Shareholders of Citrus Leisure PLC, do hereby appoint of
or failing *him /her

Mr. Emilianus Prema Alphonse Cooray	of Colombo or failing him*
Mr. Dilith Susantha Jayaweera	of Colombo or failing him*
Mr. Rajinda Seneviratne	of Colombo or failing him*
Ms. Varuni Sonali Fernando Amunugama	of Colombo or failing her*
Mr. Sharvajana Anandaraj Ameresekere	of Colombo or failing him*
Mr. Janesh Manoj Bandara Pilimatalawwe	of Colombo or failing him*
Mr. Suresh Dayanath De Mel	of Colombo or failing him*
Mr. Priya Chandana Bandara Talwatte	of Colombo or failing him*
Mr. Pathiranage Vasula Sanjeeewa Premawardhana	of Colombo

as *my/our proxy to represent *me/us, to speak and to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on 27th September 2012 at 9.00 a.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

		FOR	AGAINST
1)	To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2012, together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2)	To re-elect Mr. Sharvajana Anandaraj Ameresekere, who retires by rotation in terms of Article 84 of the Articles of Association as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3)	To re-elect Mr. Janesh Manoj Bandara Pilimatalawwe, who retires by rotation in terms of Article 84 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4)	To re-elect Mr. Priya Chandana Bandara Talwatte, in terms of Article 91 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5)	To re-elect Mr. Pathiranage Vasula Sanjeeewa Premawardhana, in terms of Article 91 of the Articles of Association as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6)	To re-appoint Messrs Ernst & Young Chartered Accountants as Auditors of the Company for the ensuring year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7)	To authorize the Directors, to determine and make payments for Charitable and other purposes for the year 2012/2013 as set out in the Companies Donation act. (CAP 147)	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2012

Notes

1. *Please delete the inappropriate words.
2. A proxy need not to be a shareholder of the Company.
3. Instructions as to completion are noted on the reverse hereof.

.....
 Signature of Shareholder/s

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and signing in the space provided and filling in the date of signature.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a shareholder, to attend and vote instead of him. Please indicate with an "X" in the boxes 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.
3. 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 (above the names of the Board of Directors) on the Proxy Form.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. If the appointer is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company at No 02, Police Park Avenue, Colombo 05 by 9.00 a.m. on 27th September 2012.

Corporate Information

Name of Company

Citrus Leisure PLC

Company Reg. No.

PQ 211

Legal Form

Public Quoted Company with limited liability Incorporated in Sri Lanka.

Registered Office

No : 02, Police Park Avenue, Colombo 05.

Telephone: 0115755055

Fax : 0112593455

E-mail : direct@citrusleisure.com

Website : www.citrusleisure.com

Director/ CEO

Mr. Chandana Talwatte

Director Operations

Mr. Hemantha Ratnayake

Director Marketing

Mr. Mani Sugathapala

Board of Directors

Mr. E. P. A Cooray (Chairman)

Mr. D. S Jayaweera

Ms.V. S. Fernando Amunugama

Mr. S. A. Ameresekere

Mr. Chandana Talwatte (Appointed w.e.f 02nd May 2012)

Mr. Wasula Premawardene (Appointed w.e.f 02nd May 2012)

Mr. A. S. R Silva (Resigned w.e.f 16th April 2012)

Mr. R. Seneviratne

Mr. J. M. B Pilimatalawwe

Mr. S. D. De Mel

Stock Exchange Listing

The Shares of the Company are listed on the Colombo Stock Exchange.

Company Secretaries

P W Corporate Secretarial (Pvt) Ltd.

No. 3/17, Kynsey Road, Colombo 08.

Auditors

Ernst & Young

Chartered Accountants

201, de Saram Place, Colombo 10.

Bankers

Pan Asia Bank PLC

Commercial Bank of Ceylon PLC

Hatton National Bank PLC



Designed & Produced by emagewise

