

#HAPPINESSMOMENTS

**citrus**

Leisure PLC

Annual Report 2014/15



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**Secret of  
happiness**

Discover Happiness Moments by Citrus

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“Be happy for this moment.  
This moment is your life.”  
- Omar Khayyam

Enter the distinctive  
ambience of Citrus  
and discover the  
secret of happiness.

Citrus Leisure owns and operates a chain of distinctive hotels and resorts that are benchmarked against the best in the world. We offer memorable moments and outstanding destination experiences in Sri Lanka, exceeding guest expectations by creating 'Happiness Moments' that are unmatched in quality, service and indulgence.





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# CHAIRMAN'S MESSAGE

I welcome you to the 33rd Annual General Meeting of Citrus Leisure PLC and take pleasure in presenting to you the Annual Report and Audited Financial Statements for the year ended 31 March 2015.

In post-war Sri Lanka, tourism is firmly entrenched as a growth industry; today it is one of the foremost sources of value creation for the economy and is poised to be a key player in the expansion of the Sri Lankan economy in the long term.

The year ahead is expected to be the best on record for tourism with the country expected to welcome over 1.8 million tourists contributing towards earnings of USD 2.5 billion.

When thirty years of brutal war ended in 2009, Sri Lanka was only welcoming 500,000 tourists; five years later, in 2014, the country recorded 1,527,153 arrivals, a tremendous growth of over 350%. Even more remarkable is the fact that in terms of earnings, we have been able to outpace regional competitor markets such as Thailand and Malaysia.

In parallel with the growth in tourism, we have also witnessed changes in the tourism landscape of the country. Among the more radical changes has been the galvanizing of the informal sector, which includes low cost accommodation such as guest houses and home stays. While the arrivals and distributions patterns have not been analysed scientifically, it is evident by the growth disparities that the star class hotel operators are losing market share to

informal operators, who offer a better proposition to a growing segment of travellers.

In this context, the formal sector can greatly benefit from the resumption of charter operations. I am pleased to state that the 'Pearl of the Indian Ocean' is under the watchful eye of a few prominent charters and several of these are scheduled to begin operations to Sri Lanka in 2016. During the war years, Sri Lanka suffered from an almost complete withdrawal of charters, but thanks to the recent developments and the attraction of prominent hotel chains, Sri Lanka is once again on the charter operators' agenda. These charters have great networks in Europe and they work with leading tour operators in the United Kingdom, Germany and Italy etc. Sri Lanka's profile ideally suits the European traveller; therefore this strategic move will definitely help Sri Lanka in the long run. At the same time, it is important that Sri Lanka improve air access, perhaps through incentives to facilitate it.

The need for the presence of international brands in the country is a must and we are honoured to have the best leisure players looking at entering Sri Lanka. This also augurs very well for the plans to take development to the rural parts of Sri Lanka and provide employment opportunities to the aspiring youth residing in these areas. Several international airlines too have included Sri Lanka on their radar, which will definitely bring more tourists in to the country.



The Citrus Leisure Group marked a significant milestone when it entered the city hotel segment by inking a contract with our affiliate company, George Stuart & Co. In June 2015. Under the agreement, our fully owned subsidiary Citrus Silver Limited entered into a lease agreement to operate 'The Stuart by Citrus', a 50-roomed boutique business hotel located at the heart of Colombo in the historic former headquarters of the George Stuart & Co, conglomerate.



The future of Sri Lankan tourism, in my point of view, runs parallel to my forte in the industry which is 'Sustainable Tourism'. This is not only about respecting nature but adhering to the concept of conservation versus development. Whatever we carry forward should be sustainable without destroying the environment around us.





The National body, Sri Lanka Tourism should address the industries exponential growth through policy direction and zonal planning and by instituting a well articulated method of regulating product quality. The industry and policy makers must also urgently address several key challenges that need immediate attention; these include the lack of suitably trained and qualified human resources, and the lack of a formal research based information to update the stakeholders real-time on developments such as arrivals, income, traveller geographies etc. In terms of human capital, there are many opportunities for the younger generation in the industry today, but sadly, we have failed to really capture raw talent as the hotel industry. My proposition is to encourage the private sector lead institutions to get accreditation from the Sri Lanka Institute of Tourism and Hotel Management, enabling wider access to industry training across the whole country. The private sector working closely with the national body should entice talented youngsters starting from school leavers to enter this field by projecting its true potential.

On current trends, tourism is likely to be one of the most important industry in Sri Lanka, therefore, it is necessary to reward and recognize champions who have excelled in the field of tourism and those who have made a significant contribution to the industry. The future of Sri Lankan tourism, in my point of view, runs parallel to my forte in the industry which is 'Sustainable Tourism'. This is not only about respecting nature but adhering to the concept of conservation versus development. Whatever we carry forward should be sustainable without destroying the environment around us. Sustainability is more compelling from a financial and business point of view and with



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## Chairman's Message

increasing pressure on all industries to be sustainable, an integrated approach to strategy, management and reporting is critical.

Having nature in abundance, we need to take Sri Lanka beyond its beach, culture and adventure in order to preserve the environment. Sri Lanka is known as one of the biodiversity hotspots in the world. It is home to so many species in such a small space, therefore, travel agents should change their focus to communicate and showcase the country's biodiversity, which is world class. While sharing Sri Lanka's biodiversity with the rest of the world, we need to explore new places of interest which will be a tremendous platform for the industry within the necessary rules and regulations.

At the Citrus group of Hotels, we have continued to strive to create magic when catering to our guests, both foreign and local. Citrus Hikkaduwa maintains its position as a leading three star property in the area and has done remarkably well financially and is proving to be a very profitable venture.

In terms of performance during the year under review, Citrus Waskaduwa which was in operation for nine months of the year achieved a revenue of Rs. 319 Mn, with an Average Occupancy Rate close to 50%.

The Citrus Leisure Group marked a significant milestone when it entered the city hotel segment by inking a contract with our affiliate company George Stuart & Co., In June 2015. Under the agreement, our fully owned subsidiary Citrus Silver Limited entered into an

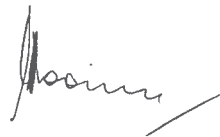
agreement to operate 'The Steuart by Citrus', a 50-roomed boutique business hotel located at the heart of Colombo in the historic former headquarters of the conglomerate. The hotel ceremoniously commenced commercial operations on 26th June 2015.

Furthermore plans are also on the way to develop a 60 room Ayurveda Resort & Spa Hotel in Kalpitiya by 2017 as Citrus marches on to make a significant contribution to Sri Lanka's tourism industry.

### Appreciations

I wish to place on record my sincere appreciation to my fellow members of the Board of Directors and members of the management team for their unstinted support during the year.

On behalf of the Board, I also extend my appreciation to our many stakeholders for the trust placed in us to steer your company.



**Prema Cooray**  
Chairman

Colombo  
28 August 2015

## BOARD OF DIRECTORS



>> **PREMA COORAY**  
Chairman



>> **DILITH JAYAWEERA**  
Director



>> **VARUNI AMUNUGAMA FERNANDO**  
Director

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## Board of Directors



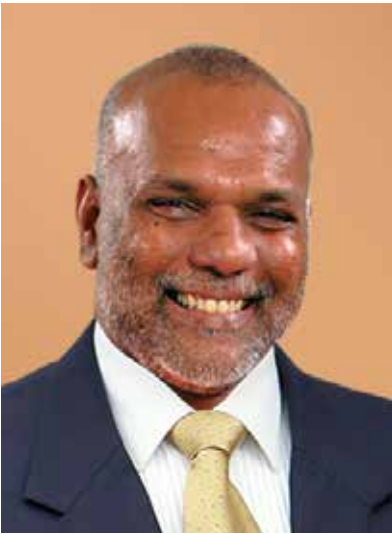
>> **SARVA AMERESEKERE**  
Director



>> **RAJINDA SENEVIRATNE**  
Director



>> **MANOJ PILIMATALAWWE**  
Director



>> **SURESH DE MEL**  
Director



>> **CHANDANA TALWATTE**  
Director



>> **VASULA PREMAWARDHANA**  
Director

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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 experience 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 signalled 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 bench-marks 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 Rainforest Ec lodge (Pvt) Ltd 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.

#### **Sarva Ameresekere**

Sarva, Director/CEO of Triad is responsible for the day-to-day operations and management of one of Sri Lanka's leading advertising agencies. Under his purview, Triad together with its group of companies in the communication industry offer clients a comprehensive integrated business solution. Sarva is also involved in the macro management and strategic planning of a diversified portfolio strategic investments across many sectors. Qualified in both Business and Engineering, Sarva brings on board extensive local and foreign exposure including business, fund management, operations, 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.

#### **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. R. Seneviratne is the Managing Director of Corona T Stores Ltd.

#### **Manoj Pilimalawwe**

Mr. Manoj Pilimalawwe 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 18 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 Tangalle, 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.

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## Board of Directors

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 through “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 Tangalle, 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 was appointed to the Board of Citrus Leisure PLC in 2012 and serves in the capacity of Director/CEO of the Citrus Group.

Mr. 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Citrus Leisure Group posted a 102% growth in revenue for 2014/15, recording Rs. 616 million of which its first property in Hikkaduwa contributed Rs. 270 million. The newly opened Citrus Waskaduwa hotel contributed Rs. 317 million in revenue, operating only for 9 months of the financial year.

The Citrus Leisure Group posted a 102% growth in revenue for 2014/15, recording Rs. 616 million of which its first property in Hikkaduwa contributed Rs. 270 million. The newly opened Citrus Waskaduwa hotel contributed Rs. 317 million in revenue, operating only for 9 months of the financial year.

The strong revenues were posted despite the entire industry experiencing a sharp drop in both Summer and Winter arrivals from two of its key source markets – Ukraine and Russia – which were impacted by the Crimean crisis. As a result, Citrus Hikkaduwa,

the Group's first project, was unable to capitalise on an otherwise good year but maintained its profit momentum by recording an operational profit of Rs. 66 million.

The Company was very excited about the commencement of its iconic 150-roomed 5-star flagship resort Citrus Waskaduwa, which opened its doors in July 2014. The company has aggressively marketed the destination Waskaduwa by promoting activities in and around the area, including adventure tourism options such as off road cycling. The property has also attracted attention from the



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## Management Discussion and Analysis

MICE market and has hosted several local and international events including the glamorous Miss Sri Lanka for Miss Earth finale.

Citrus Waskaduwa reported an operational loss of Rs. 210 million during its first year of operations in keeping with expectations, due to pre-opening expenses and due to being at fully operational capacity for only 6 months of the year. The property was therefore unable to contract with most tour operators for the Winter season in 2014. The management is very excited about strong results in 2015/16 with major tour operators extremely happy with the product; a good mix of contracts from traditional and emerging markets is currently in place to generate greater footfall for Citrus Waskaduwa.

As a result, the Citrus Leisure Group recorded an operational loss of Rs. 164 million for the year ended 31 March 2015. The new financial year is set to be an exciting one for Citrus Leisure PLC, with Citrus Waskaduwa operating at full throttle and alternative marketing strategies at Citrus Hikkaduwa attracting new markets.

Soon, the Group will also make its entry into the City Hotel segment, through its fully owned subsidiary Citrus Silver Limited. Commencing 01 June 2015, Citrus Silver entered into a to operate the 50-roomed boutique business hotel at the heart of Colombo's commercial district. The property operates under the brand name 'The Steuart by Citrus'. Having a city presence, enables the Group to cross-promote its resort properties more effectively.

The Company is also encouraged by several positive announcements made by the current administration with regard to the proposed tourism development zone in Kalpitiya. The zone



had not got underway for several years, resulting in the Company withholding their development despite obtaining the necessary approvals and permits. Nevertheless in June 2015 the Company received shareholder approval to develop a sixty room Ayurveda Resort & Spa in Kalpitiya by 2017. Accordingly plans are well on the way to proceed with the same. Hence a fresh focus on Kalpitiya, as indicated by the Sri Lanka Tourism Development Authority in the recent past, augurs well for Citrus.

Meanwhile the Company continues to hold a strategic investment in a 20% stake of Colombo Land and Development PLC, which is an associate company of the Group. The Group's substantial asset base includes a strategically located property in Passikudah, available for future development.

# CORPORATE GOVERNANCE

## Board of Directors

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

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 retire by rotation at each Annual General Meeting but they 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, Mr. R. Seneviratne, Mr. J.M.B Pilimatalawwe, Mr. S.D De Mel and P.V.S. Premawardhana, are independent directors while Mr. S.A. Ameresekere is a Non Executive Director.

## 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 of three Non-executive Directors, all of whom are independent. The Report of the Audit Committee appears on Page 35.

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 35.

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

Mr. E.P.A Cooray-Chairman  
Mr. R. Seneviratne  
Mr. S.D. De Mel

## 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 the Executive Directors.

Report of the Remuneration Committee appears on Page 37.

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

Mr J.M.B. Pilimathalawwe - Chairman  
Mr. R. Seneviratne  
Mr. S. D. De Mel

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## Corporate Governance

### Compliance with Code of Best Practice

The Code of Best Practice on Corporate Governance issued Jointly by The Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka, has been adopted by the Board which is on page 24.

### Effectiveness of the Board

The Board members meet the Directors and the Senior Management staff of the Managing Company 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.500,000 and investment require the approval of the Board of Directors.

### Company Secretaries

P W 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. Checks and controls are in place to ensure that the policies of the Board are complied with.

The Board of Directors ensure that 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.

### Board Meetings

The Board meets regularly to discharge their duties effectively. The Board's functions include the assessment of the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, review of management and operational information, adoption of annual and interim accounts before they are published, review of exposure to key business risks, strategic direction of operational and management units, approval of annual budgets, monitoring progress towards achieving the budgets, approvals relating to key appointments, sanctioning major capital expenditure etc.

The Board met 11 times during the period under review and the attendance is given below.

Name	Director's Attendance at the Board Meeting from 01.04.2014 to 31.03.2015										
	23.4.14	29.5.14	26.6.14	31.7.14	28.8.14	25.9.14	30.10.14	27.11.14	30.12.14	29.1.15	26.2.15
E. P. A. Cooray	√	√	√	√	√	√	√	√	√	√	√
D. S. Jayaweera	√	√	√	X	√	√	√	√	X	√	√
R. Seneviratne	√	√	X	√	X	√	X	√	X	√	X
V. S. F. Amunugama	√	√	√	√	√	√	√	√	X	√	√
J. M. B. Pilimatalawwe	√	√	X	√	X	X	X	X	√	√	X
P. C. B. Talwatte	√	√	X	X	√	√	√	√	√	√	√
P. V. S. Premawardhana	√	√	√	√	√	√	√	√	√	√	√
S. D. De Mel	√	√	√	√	X	X	X	√	√	√	X
S. A. Ameresekere	√	√	√	√	√	√	X	√	X	√	X

By order of the Board of  
**Citrus Leisure PLC**



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

Colombo  
28 August 2015

## Corporate Governance

Compliance with Continuing listing Rules - Checklist

Complied ✓ Non-Complied X

Rule Ref.	Subject	Applicable requirement	Compliance Status	Applicable section in the Annual Report
7.10.1 (a)	Non-Executive Directors	At least one third of the total number of Directors should be Non-Executives.	✓	Corporate Governance
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors whichever is higher should be Independent.	✓	Corporate Governance
7.10.2 (b)	Independent Directors(ID)	Each Non-Executive Director should submit a declaration of Independence, non independence in the prescribed format	✓	Available with the Secretaries for review
7.10.3 (a)	Disclosure relating to Directors	The board shall annually determine the independence or otherwise of the non Independence.  Names of the ID should be Disclosed in the Annual Report.	✓	Corporate Governance
7.10.3 (b)	Disclosure relating to Directors	The basis for Board to determine Directors as independent, if specified criteria for independence is not met.	✓	Corporate Governance
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the areas of expertise.	✓	Board of Directors (Profile) Section in the AR.
7.10.3 (d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a,b,c & d) to the CSE.	✓	Corporate Governance and Board of Directors (profile) section in the AR
7.10.5	Remuneration Committee	A Listed company shall have a Remuneration Committee	✓	Corporate Governance

Rule Ref.	Subject	Applicable requirement	Compliance Status	Applicable section in the Annual Report
7.10.5 (a)	Composition of Remuneration Committee.	Shall comprise of Non-Executive Directors a majority of whom will be independent.	√	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Non-Executive Directors.	√	Corporate Governance and Remuneration Committee Report
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out (a) Names of Directors comprising the Remuneration Committee. (b) Statement of Remuneration Policy. (c) Aggregated remuneration paid to NED/ NID/ID. (d) Statement of Remuneration Committee.	√	Corporate Governance and the Board Committee Reports.
7.10.6	Audit Committee	The Company shall have an Audit Committee	√	Corporate Governance
7.10.6 (a)	Composition of an Audit Committee	Shall comprise of Non-Executive Directors and majority of whom should be independent.  One Non-Executive Director shall be appointed as the Chairman of the Audit Committee.  Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings.  The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	√	Corporate Governance and the Board Committee Reports.

## Corporate Governance

Compliance with Continuing listing Rules - Checklist

Complied ✓ Non-Complied X

Rule Ref.	Subject	Applicable requirement	Compliance Status	Applicable section in the Annual Report
7.10.6 (b)	Audit Committee Functions	Should be as outlined in the Section 7 of the listing rules	✓	Corporate Governance and the Board Committee Reports.
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee.	(a) Names of the Directors comprising the Audit Committee.  (b) The Audit Committee shall make a determination of the independence of the Auditors and disclose for such determination.  (c) The Annual Report Shall contain a Report of the Audit Committee setting out of the manner of compliance of the functions.	✓	Corporate Governance and the Board Committee Reports.

### Adoption of Joint code of Best Practice Checklist

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
<b>A.1 DIRECTORS – Board</b>				
A.1.1	Frequency of Board Meetings	Board should meet regularly, at least once in every quarter	✓	Corporate Governance / AR of the BOD

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
A.1.2	Responsibilities of the Board	Formulation and implementation of strategy Skill adequacy of management and succession  Integrity of information, internal controls and risk management  Compliance with laws, regulations and ethical Standards  Code of conduct  Adoption of appropriate accounting policies	√	Corporate Governance
A.1.3	Access to professional advice	Procedures to obtain independent professional Advice	√	Corporate Governance
A.1.4	Company Secretary	Ensure adherence to board procedures and applicable rules and regulations  Procedure for Directors to access services of Company Secretary	√	Corporate Governance
A.1.5	Independent Judgement	Directors should exercise independent judgment on issues of strategy, resources , performance and standards of business Judgments.	√	Corporate Governance
A.1.6	Dedication of adequate time and effort by Directors	Directors should devote adequate time and effort to discharge their responsibilities to the Company satisfactorily	√	Corporate Governance
A.1.7	Training for Directors	Directors should receive appropriate training , hone skills and expand knowledge to more effectively perform duties	√	Corporate Governance

## Corporate Governance

Compliance with Continuing listing Rules - Checklist

Complied ✓ Non-Complied X

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
<b>A.2 DIRECTORS - Chairman &amp; Chief Executive Officer</b>				
A.2.	Division of responsibilities to ensure no individual has unfettered powers of decision.	A balance of power and authority to be maintained by separating responsibility for conducting Board business from that of executive decision making	✓	Corporate Governance
<b>A.3 DIRECTORS - Role of Chairman</b>				
A.3	Ensure good corporate governance	Chairman to preserve order and facilitate effective discharge of board functions by proper conduct of Board meetings.	✓	Corporate Governance
<b>A.4 DIRECTORS - Financial Acumen</b>				
A.4	Possession of adequate financial acumen	Board to ensure adequacy of financial acumen and knowledge within Board.	✓	Corporate Governance
<b>A.5 DIRECTORS - Board Balance</b>				
A.5.1	Composition of Board	The Board should include a sufficient number of Non-Executive independent Directors.	✓	Corporate Governance
A.5.2	Proportion of independent Directors	Two or one third of the Non-Executive directors should be independent.	✓	Corporate Governance
A.5.3	Test of independence	Independent Directors should be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.	✓	Corporate Governance
A.5.4	Declaration of independence	Non-Executive Directors should submit a signed and dated declaration of their Independence /Non-Independence	✓	Corporate Governance/ Annual Report of the Board of Directors

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
A.5.5	Annual determination of criteria of independence / non - independence and declaration of same by Board	The Board should annually determine and disclose the name of Directors deemed to be independent	√	Corporate Governance
A.5.6	Appointment of senior Independent Director	If the roles of Chairman / CEO are combined, a Non-Executive should be appointed as a Senior Independent Director.	N/A	
A.5.7	Availability of Senior Independent Director(SID) to other Directors	If warranted the SID should be available to the other directors for confidential discussions.	N/A	
A.5.8	Interaction between Chairman and Non-Executive Independent Directors	The Chairman should meet the Non-Executive Independent Directors at least once a year	√	Corporate Governance
A.5.9	Directors concerns to be recorded	When matters are not unanimously resolved, directors to ensure their concerns are recorded in Board minutes.	N/A	
<b>A.6 DIRECTORS - Supply of information</b>				
A.6.1	Provision of adequate information to Board	Management to ensure the Board is provided with timely and appropriate information	√	Corporate Governance
A.6.2	Adequacy of Notice and formal agenda to be discussed at board meetings	Board minutes , agenda and papers should be circulated at least seven days before the Board meeting.	√	Corporate Governance

## Corporate Governance

Compliance with Continuing listing Rules - Checklist

Complied ✓ Non-Complied X

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
<b>A.7 DIRECTORS - Appointment to the Board</b>				
A.7.1	Nomination Committee	Nomination committee of parent may function as such for the Company and make recommendations to the Board on new Board Appointments.	✓	Corporate Governance
A.7.2	Annual assessment of Board Composition	Nomination committee or Board should annually assess the composition of Board.	✓	Corporate Governance
A.7.3	Disclosure of new Board appointments	Profiles of new Board appointments to be communicated to Shareholders.	✓	Corporate Governance/ Notice of Meeting
<b>A.8 DIRECTORS - Re – election</b>				
A.8.1	Appointment of Non-Executive Directors	Appointment of Non-Executive directors should be for specified terms and re - election should not be automatic	✓	Corporate Governance / Annual Report of the Board of Directors
A.8.2	Shareholder approval of appointment of all Directors	The appointment of all Directors should be subject to election by shareholders at the first opportunity	✓	Corporate Governance / Annual Report of the Board of Directors / Notice of Meeting
<b>A.9 DIRECTORS - Appraisal of Board Performance</b>				
A.9.1	Annual appraisal of Board performance	The Board should annually appraise how effectively it has discharged its key responsibilities	✓	Corporate Governance
A.9.2	Self evaluation of Board and Board Committees	The Board should evaluate its performance and that of its committees annually	✓	Corporate Governance/ Audit Committee Report
A.9.3	Declaration of basis of performance evaluation	The Board should disclose how performance evaluations have been carried out	✓	Corporate Governance

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
<b>A.10 DIRECTORS - Disclosure of information in respect of Directors</b>				
A.10.1	Biographical profiles and relevant details of Directors to be disclosed	Annual Report should disclose the biographical details of directors and attendance at Board/Committee meetings	√	Board of Directors , Corporate Governance / Audit Committee Report
<b>A.11 DIRECTORS - Appraisal of Chief Executive Officer</b>				
A.11.1	Short , medium and long term , financial and non - financial objectives to be set.	The Board should set out the short, medium and long term, financial and non - financial objectives at the commencement of each year	√	Corporate Governance
A.11.2	Evaluation of CEO performance	The performance of the CEO should be evaluated by the Board at the end of the year	√	Corporate Governance
<b>B. 1 DIRECTORS REMUNERATION - Remuneration Procedure</b>				
B.1.1	Appointment of Remuneration Committee	Remuneration Committee of parent may function as such for the Company to make recommendations on Directors remuneration	√	Corporate Governance
B.1.2	Composition of Remuneration Committee	Board to appoint only Non-Executive Directors to serve on Remuneration Committee	√	Corporate Governance
B.1.3	Disclosure of members of Remuneration Committee	The Annual Report should disclose the Chairman and Directors who serve on the Remuneration Committee	√	Corporate Governance
B.1.4	Remuneration of Non-Executive Directors	Board to determine the level of remuneration of Non-Executive Directors	√	Corporate Governance

## Corporate Governance

Compliance with Continuing listing Rules - Checklist

Complied ✓ Non-Complied X

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
B.1.5	Access to professional advice	Remuneration Committee should have access to professional advice in order to determine appropriate remuneration for Executive Directors.	✓	Corporate Governance
<b>B. 2 DIRECTORS REMUNERATION - Level and Make up of Remuneration</b>				
B.2.1	Remuneration packages for Executive Directors	Packages should be structured to attract, retain and motivate Executive Directors	✓	Corporate Governance
B.2.2	Remuneration packages to be appropriately positioned	Packages should be comparable and relative to that of other companies as well as the relative performance of the Company	✓	Corporate Governance
B.2.3	Appropriateness of remuneration and conditions in relation to other Group companies	When determining annual increases remuneration committee should be sensitive to that of other Group companies	✓	Corporate Governance
B.2.4	Performance related elements of Remuneration	Performance related elements of remuneration should be aligned with interests of Company	✓	Corporate Governance
B.2.5	Share options	Executive share options should not be offered at a discount	N/A	
B.2.6	Remuneration packages for Non-Executive Directors	Should reflect time commitment and responsibilities of role and in line with existing market practice	N/A	

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
<b>B. 3 DIRECTORS REMUNERATION - Disclosure of Remuneration</b>				
B.3.1	Disclosure of details of remuneration	The Annual Report should disclose the remuneration paid to Directors	√	Financial Statements - Note 8
<b>C. 1 RELATIONS WITH SHAREHOLDERS – Constructive use and conduct of Annual General Meeting</b>				
C.1.1	Proxy votes to be counted	The Company should count and indicate the level of proxies lodged for and against in respect of each resolution	√	Corporate Governance
C.1.2	Separate resolutions	Separate resolutions should be proposed for substantially separate issues	√	Corporate Governance/ Notice of Meeting
C.1.3	Availability of Committee Chairman at AGM	The Chairman of Board committees should be available to answer any queries at AGM	√	Corporate Governance
C.1.4	Notice of AGM	15 calendar days notice to be given to shareholders	√	Notice of Meeting
C.1.5	Procedure for voting at meetings	Company to circulate the procedure for voting with Notice of Meeting	√	Notice of Meeting
<b>C. 2 MAJOR TRANSACTIONS</b>				
C.2.1	Disclosure of Major Transactions	Transactions that have a value which are greater than half of the net assets of the Company should be disclosed	√	Corporate Governance and Annual Report of the Board of Directors
<b>D.1 ACCOUNTABILITY AND AUDIT - Financial Reporting</b>				
D.1.1	Presentation of public reports	Should be balanced, understandable and comply with statutory and regulatory requirements	√	Management Discussion and Analysis, Corporate Governance, Risk Management and Financial Statements

## Corporate Governance

Compliance with Continuing listing Rules - Checklist

Complied ✓ Non-Complied X

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
D.1.2	Director's Report	The Director's Report should be included in the Annual Report and confirm that <ul style="list-style-type: none"> <li>- the Company has not contravened laws or regulations in conducting its activities</li> <li>- Material interests in contracts have been declared by Directors</li> <li>- the Company has endeavoured to ensure equitable treatment of shareholders</li> <li>- that the business is a "going concern"</li> <li>- that there is reasonable assurance of the effectiveness of the existing business systems following a review of the internal controls covering financial, operational and compliance</li> </ul>	✓	Annual Report of the Board of Directors, Audit Committee Report, Financial Statements, Corporate Governance and Risk Management
D.1.3	Respective responsibilities of Directors and Auditors	The Annual Report should contain separate statements setting out the responsibilities of the Directors for the preparation and presentation of the financial statements and the reporting responsibilities of the Auditors	✓	Statement of Directors' Responsibility and Independent Auditors' Report
D.1.4	Management Discussion and Analysis	Annual Report to include section on Management Discussion and Analysis	✓	Management Discussion and Analysis
D.1.5	Going Concern	Directors to substantiate and report that the business is a going concern or qualify accordingly	✓	Annual Report of the Board of Directors
D.1.6	Serious Loss of Capital	Directors to summon an Extraordinary General Meeting in the event that the net assets of the Company falls below 50% of the value of Shareholder's Funds	N/A	

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
<b>D.2 ACCOUNTABILITY AND AUDIT - Internal Control</b>				
D.2.1	Effectiveness of system of internal controls	Directors to annually conduct a review of the effectiveness of the system of internal controls. This responsibility may be delegated to the Audit Committee	√	Audit Committee Report Risk Management
<b>D.3 AUDIT COMMITTEE</b>				
D.3.1	Chairman and Composition of Audit Committee	Should comprise of a minimum of two Independent, Non-Executive Directors  Audit Committee Chairman should be appointed by the Board	√	Audit Committee Report
D.3.2	Duties of Audit Committee	Should include - Review of scope and results of audit and its effectiveness - Independence and objectivity of the Auditors	√	Corporate Governance
D.3.3	Terms of Reference / Charter	The Audit Committee should have a written Term of Reference which define the purpose of the Committee and its duties and responsibilities	√	Corporate Governance
D.3.4	Disclosures	- The Annual Report should disclose the names of Directors serving on the Audit Committee - The Audit Committee should determine the independence of the Auditors and disclose the basis of such determination - The Annual Report should contain a report by the Audit Committee setting out the manner of the compliance of the Company during the period to which the Report relates	√	Corporate Governance and Audit Committee Report

## Corporate Governance

Compliance with Continuing listing Rules - Checklist

Complied ✓ Non-Complied X

Code Ref.	Subject	Applicable Requirement	Adoption Status	Applicable Section in the Annual Report
<b>D.4 CODE OF BUSINESS CONDUCT AND ETHICS</b>				
D.4.1	Adoption of Code of Business Conduct and Ethics	The Company must adopt a Code of Business Conduct and Ethics for directors and members of the senior management team and promptly disclose any violation of the Code	✓	Corporate Governance
D.4.2	Chairman's affirmation	The Annual Report must include an affirmation by the Chairman that he is not aware of any violation of the Code of Business Conduct and Ethics	✓	Chairman's Message / Annual Report of the Board of Directors
<b>D.5 CORPORATE GOVERNANCE DISCLOSURES</b>				
D.5.1	Corporate Governance Report	The Annual Report should include a report setting out the manner and extent to which the Company has adopted the principles and provisions of the Code of Best Practice on Corporate Governance	✓	Corporate Governance
<b>E. INSTITUTIONAL INVESTORS – Structured Dialogue</b>				
E.1	Structured Dialogue with Shareholders	A regular and structured dialogue should be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman	✓	Corporate Governance
E.2	Evaluation of Governance Disclosures by Institutional Investors	Institutional investors should be encouraged to consider the relevant factors drawn to their attention with regard to Board structure and composition	✓	Corporate Governance
<b>F. OTHER INVESTORS – Investment/Divestment decisions</b>				
F.1	Individual Investors	Individual shareholders should be encouraged to carry out adequate analysis and seek professional advice when making their investment/divestment decisions	✓	Corporate Governance
F.2	Shareholder Voting	Individual shareholders should be encouraged to participate and exercise their voting rights	✓	Corporate Governance / Form of Proxy

# AUDIT COMMITTEE REPORT

The Audit Committee of Citrus Leisure PLC is comprised of three Independent Non-Executive Directors of the main Board of the Group, namely E. P. A. Cooray (Chairman) and Mr. R. Seneviratne and Mr. S. D. De Mel.

## The Principal Responsibilities of the Audit Committee

The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good Corporate Governance by actively creating awareness and providing advice to management on Risk Management, appropriate internal control practices, and other related activities of the Company in compliance with the rules and regulations of the Colombo Stock Exchange.

## Operation of the Audit Committee

The Statutory Auditors, the Internal Auditors, Finance Manager and the General Managers of the Hotels attended these meetings of the Audit Committee at the invitation of the Chairman of the Audit Committee. The External Auditors are regularly invited by the Audit Committee to advise them of any matters which they consider should be brought to the Audit Committee's attention without the Chief Executive Officer's presence. The External Auditors may also request a meeting with the Audit Committee if they consider it necessary.

The Company Secretary acts as secretary to the Audit Committee. The members of the Audit Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

## The Audit Committee's Duties include:

- Monitoring the financial reporting process.
- Monitoring the statutory audit of the Group's Financial Statements.
- Reviewing the Group's Financial Statements and the material financial reporting judgments contained therein.
- Monitoring the effectiveness of the Group's Internal Control and Risk Management systems.
- Reviewing and monitoring the independence of the External Auditors and the provision of additional services to the Group.
- Advising the Board on the appointment and removal of the External Auditors and the remuneration and terms of engagement of the External Auditors.

## Internal Control and Risk Management

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

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## Audit Committee Report

testing of controls that were carried out as part of the external audit.

The Audit Committee also reviewed on a quarterly basis, the key risks that the Group faces and the actions being taken by management to mitigate and manage them.

### Review of the Work of the External Auditors

Subject to the annual appointment of the External Auditors by shareholders, the Audit Committee regularly reviews the relationship between the Group and the External Auditors.

This review includes an assessment of their performance, cost effectiveness, objectivity and independence. The Audit Committee is responsible for ensuring that an appropriate relationship is maintained between the Group and the External Auditors.

The Group has implemented a policy of controlling the provision of non-audit services by the External Auditors in order to ensure that their objectivity and independence is safeguarded. The Audit Committee also continued with the appointment of other accountancy firms to provide certain non-audit services to the Group in connection with tax, other services and anticipates that this will continue in 2014/15.

The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment. A full breakdown of the audit and non-Audit related fees are set out in Note No 8 to the Consolidated Financial Statements on page 73.

This report was approved by the Board and signed on its behalf by:



**Prema Cooray**  
Chairman - Audit Committee

28 August 2015

# REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee, appointed by and responsible to the Board of Directors, comprises of three Non-Executive Independent Directors.

Mr J.M.B. Pilimathalawwe - Chairman  
Mr. R. Seneviratne  
Mr. S. D. De Mel

## Policy

The remuneration policy of the Company endeavours to attract, motivate and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company. The Committee focuses and is responsible to ensure that the total package is competitive to attract the best talent for the benefit of the Company. The remuneration framework of the Company for the Chairman, Chief Executive Officer and Corporate Management is designed to create and enhance value to all stakeholders of the Company and to ensure alignment qua the short and long-term interest of the Company and its Executives and in designing competitive compensation packages, the Committee consciously balances the short-term performance with medium to long-term goals of the Company.

## Scope

The Committee reviews all significant changes in the corporate sector in determining salary structures and terms and conditions relating to staff at Senior Executive level. In this decision making process, necessary information and recommendations are obtained from the Chief Executive Officer. The Committee deliberates and recommends to the Board of Directors the remuneration packages and annual increments and bonuses of the Chief Executive Officer, members of the Corporate Management and Senior Executive staff and lays down guidelines for the compensation structure for all Executive staff and oversees the implementation thereof.

The Chief Executive Officer who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed.

## Fees

None of the Non-Executive Directors receive a fee for attendance at Board Meetings. They do not receive any performance or incentive payment too. The total remuneration to Directors is shown in Note 29.1 in page 102.

## Meetings

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

## Professional Advice

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

## Committee Evaluation

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



**J. M. B. Pilimathalawwe**  
Chairman  
Remuneration Committee

28 August 2014

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# 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, which comprise the statement of financial position as at 31 March 2015, statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information 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 2014/2015, 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 the 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  
28 August 2015

# 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 2015.

## General

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

## Principal Activities

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

## Review of Operations

A review of the Business and performance of the Company and its subsidiaries is contained in the Chairman's message on page 4.

## 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 104.

## Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on page 44.

## Accounting Policies

The accounting policies adopted by the Company in the preparation of financial statements are given on pages 53 to 104 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 12 to 14

### Executive Directors

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

### Non Executive Director

Mr. S. A. Ameresekere

### Independent Non-Executive Directors

Mr. E. P. A. Cooray  
Mr. R. Seneviratne  
Mr. J. M. B. Pilimatalawwe  
Mr. S. D. De Mel  
Mr. P. V. S. Premawardhana

In terms of Article 84 of the Articles of Association of the Company, Mr. E. P. A. Cooray, Mr. D. S. Jayaweera and R. Seneviratne retire by rotation and being eligible are recommended by the Directors for re-election.

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

### Directors of subsidiary Companies

#### Waskaduwa Beach Resort PLC

Mr. E. P. A. Cooray  
Mr. D. S. Jayaweera  
Mr. R. Seneviratne  
Ms. V. S. F. Amunugama  
Mr. J. M. B. Pilimatalawwe  
Mr. S. D. De Mel  
Mr. S. A. Ameresekere

#### Kalpitiya Beach Resort PLC

Mr. E. P. A. Cooray  
Mr. D. S. Jayaweera  
Mr. R. Seneviratne  
Ms. V. S. F. Amunugama  
Mr. J. M. B. Pilimatalawwe  
Mr. S. D. De Mel  
Mr. S. A. Ameresekere

#### Hikkaduwa Beach Resort PLC

Mr. E. P. A. Cooray  
Mr. D. S. Jayaweera  
Mr. R. Seneviratne  
Mr. Hemantha Ratnayake  
Mr. P. V. S. Premawardhana  
Mr. S. A. Ameresekere

#### Citrus Aqua Limited

Mr. E. P. A. Cooray  
Mr. D. S. Jayaweera  
Ms. V. S. F. Amunugama  
Mr. R. Seneviratne

Mr. S. D. De Mel  
Mr. J. M. B. Pilimatalawwe  
Mr. H. C. De Silva  
Mr. H. S. Martenstyn  
Mr. P. V. S. Premawardhana  
Mr. D. M. Wickremasinghe

#### Citrus Vacations Limited

Mr. E. P. A. Cooray  
Mr. D. S. Jayaweera  
Ms. V. S. F. Amunugama  
Mr. S. D. De Mel  
Mr. J. M. B. Pilimatalawwe  
Mr. P. V. S. Premawardhana  
Mr. P. T. A. T. C. L. A Aloysius

#### Citrus Silver Limited

Mr. D. S. Jayaweera  
Ms. V. S. F. Amunugama

#### Citrus Equity Limited

Mr. D. S. Jayaweera  
Ms. V. S. F. Amunugama

#### Passikudah Beach Resort Limited

Mr. E. P. A. Cooray  
Mr. D. S. Jayaweera  
Mr. R. Seneviratne  
Ms. V. S. F. Amunugama  
Mr. J. M. B. Pilimatalawwe  
Mr. S. D. De Mel

### **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 2015 as recorded in the Interest Register are given in this report under Directors' Interest in Contracts and Directors' Shareholding.

### **Directors' Remuneration**

The Directors' remuneration is disclosed under key management personnel compensation in Note 29.1 to the Financial Statements on page 102.

### **Directors' interests in contracts**

Related party disclosures as required by the Sri Lanka Accounting Standards No.24 are detailed in note 29.1 to the financial statements.

### **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 38.

### **Auditors**

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non permitted audit/consultancy services.

A total amount of Rs. 220,000/- is payable by the Company to the Auditors for the year under review, details of which are set out in note 8 to the Financial Statement on page 73.

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 2015 was Rs. 2,403,272,542/=, representing 96,650,336 Ordinary shares (Rs.2,403,272,542/=, representing 96,650,336 ordinary shares as at 31st March 2014).

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

### Relevant Interest of Directors in the Shares

Directors' interest in the shares of the Company as at 31st March 2015 and 31st March 2014 were as follows:

	As at 31.3.2015	As at 31.3.2014
Mr. E. P. A. Cooray	11,500	11,500
Mr. D. S. Jayaweera	30,240	30,240
Mr. R. Seneviratne	429,665	248,665
Ms. V. S. F. Amunugama	30,240	30,240
Mr. J. M. B. Pilimalawwe	Nil	Nil
Mr. S. D. De Mel	100,000	100,000
Mr. P. C. B. Talwatte	Nil	Nil
Mr. P.V.S. Premawardhana	Nil	Nil
Mr. S. A. Ameresekere	Nil	Nil

Mr. D. S. Jayaweera and Mr. J. M. B. Pilimalawwe are Directors of George Steuart & Company Limited which holds 25,655,500 shares constitutes 28.45% of the issued shares of the company.

Mr. D. S. Jayaweera, Ms. V. S. F. Amunugama and Mr. S. A. Ameresekere are Directors of Divasa Equity (Pvt) Limited which holds 9,592,488 shares constitutes 9.92% of the issued shares of the company.

### 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 107 under Share Information.

### Employment Remuneration 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 2015, 22 persons were in employment (19 persons as at 31st March 2014).

The Remuneration packages are linked to the individual performance and are aligned with the company's business.

### 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 the financial statements on page 50.

### Land Holdings

The Company does not have any land holdings.

### Property, Plant & Equipment

Details and movements of property, plant and equipment are given under Notes 11 to the Financial Statements on page 77.

### Investments

Details of the Company's quoted and unquoted investments as at 31st March 2015 are given in Notes 14,15 and 16 to the Financial Statements on pages 86 to 90.

### Material Foreseeable Risk Factors

As part of the governance process, the Board on a continuous basis reviews and evaluates the Internal Controls and risks of the Group and takes any measures required to mitigate risk.

### Donations

Rs. 79,240 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 confirm 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 19 of the Annual Report.

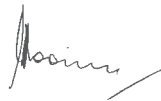
### Events after the Reporting date

There were no Events after the Reporting date which would require adjustment to or disclosure in the Financial Statements, except set out in the Note 28 to the Financial Statements on page 101.


### Annual General Meeting

The Annual General Meeting of the Company will be held at No. 32, Sri Sambodhi Jayanthie Mandiraya, Sri Sambodhi Jayanthie Mawatha, Colombo 05, on the 30th September 2015 at 9.00 am of this Report.

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



**E. P. A. Cooray**  
Chairman



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



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

28 August 2015.

# Independent Auditors' Report



Ernst & Young  
Chartered Accountants  
201 De Saram Place  
P.O. Box 101  
Colombo 10  
Sri Lanka

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## INDEPENDENT AUDITORS' REPORT

### CITRUS LEISURE PLC

#### Report on the financial statements

We have audited the accompanying financial statements of Citrus Leisure PLC and its subsidiaries ("the Group") which comprise the statement of financial position as at 31 March 2015, statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H Fernando FCA FCMA  
W K B S P Fernando FCA FCMA Ms. L K H L Fonseka FCA 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

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the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Emphasis of Matter

Without qualifying our opinion we draw attention to Note 2.1.5 to the financial statements, which describe the principal activities of subsidiaries and factors contributing to the non-commencement of operations of the Kalpitiya Beach Resorts PLC, and the present business plan thereon.

#### Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion :
  - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
  - the financial statements of the Company give a true and fair view of the financial position as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
  - the financial statements of the Company and the Group, comply with the requirements of Section 151 and 153 of the Companies Act No. 07 of 2007.



28 August 2015  
Colombo

## Statement of Profit or Loss

Year ended 31 March 2015

	Note	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Revenue	5	910,413,798	304,707,799	20,796,258	2,873,227
Cost of Sales		(464,163,170)	(76,629,920)	-	-
<b>Gross Profit</b>		<b>446,250,628</b>	<b>228,077,879</b>	<b>20,796,258</b>	<b>2,873,227</b>
Other Income	6	20,445,101	12,106,888	7,964,755	4,686,634
Selling and Marketing Expenses		(125,504,393)	(18,194,068)	(35,000)	(2,335,370)
Administrative Expenses		(506,888,387)	(183,461,544)	(39,180,250)	(30,642,672)
Finance Cost	7.1	(275,263,138)	(141,958,131)	(5,629,110)	(2,705,903)
Finance Income	7.2	23,809,930	41,956,564	22,638,125	40,282,558
Share of Profit of Associate		30,953,418	12,024,835	-	-
<b>Profit/(Loss) before Tax</b>	8	<b>(386,196,841)</b>	<b>(49,447,577)</b>	<b>6,554,778</b>	<b>12,158,474</b>
Tax Expenses	9	(3,974,415)	(5,102,076)	(4,172,109)	(5,798,903)
<b>Profit/(Loss) for the year</b>		<b>(390,171,256)</b>	<b>(54,549,653)</b>	<b>2,382,669</b>	<b>6,359,571</b>
<b>Profit Attributable to:</b>					
Owners of the Equity Holders of the Parent		(220,259,759)	(18,840,680)	2,382,669	6,359,571
Non Controlling Interest		(169,911,497)	(35,708,973)	-	-
		(390,171,256)	(54,549,653)	2,382,669	6,359,571
<b>Loss Per Share</b>	26	<b>(2.28)</b>	<b>(0.22)</b>		

The Accounting Policies and Notes on pages 53 through 104 form an integral part of these Financial Statements.

## Statement of Comprehensive Income

Year ended 31 March 2015

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Profit/(Loss) for the Year	(390,171,256)	(54,549,653)	2,382,669	6,359,571
Other Comprehensive Income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Share of other comprehensive loss of equity accounted investees	(29,794)	-	-	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(29,794)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Actuarial Gain/ (Loss) on Defined Benefit Plan	(709,695)	29,723	(236,000)	(10,616)
Income tax effect	57,748	(3,561)	-	-
	(651,947)	26,162	(236,000)	(10,616)
Effect of Revaluation on Land and Buildings	315,265,829	-	-	-
Deferred Tax effect on Revaluation	(19,525,461)	-	-	-
	295,740,368	-	-	-
Share of other comprehensive income of equity accounted investees	884,978	-	-	-
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	295,973,399	26,162	(236,000)	(10,616)
Other Comprehensive Income for the year, net of tax	295,943,605	26,162	(236,000)	(10,616)
Total Comprehensive Income for the year, net of tax	(94,227,652)	(54,523,491)	2,146,669	6,348,955
Total Comprehensive Income Attributable to:				
Owners of the Equity Holders of the Parent	29,481,486	(18,814,518)	2,146,669	6,348,955
Non Controlling Interest	(123,709,138)	(35,708,973)	-	-
	(94,227,652)	(54,523,491)	2,146,669	6,348,955

The Accounting Policies and Notes on pages 53 through 104 form an integral part of these Financial Statements.

# Statement of Financial Position

As at 31 March 2015

	Note	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	11	5,529,198,789	4,099,846,374	9,657,146	8,719,206
Leasehold Property	12	76,281,842	77,086,312	54,139,174	54,710,553
Intangible Assets	13	211,832	166,667	-	-
Investments in Subsidiaries	14	-	-	2,802,736,279	2,777,736,239
Investment in Associates	15	1,367,135,355	1,335,326,753	-	-
Trade and Other Receivables	19	-	-	407,328,161	-
Deferred Tax Asset	9.2	-	2,589,974	-	-
		<b>6,972,827,818</b>	<b>5,515,016,080</b>	<b>3,273,860,750</b>	<b>2,841,165,998</b>
<b>Current Assets</b>					
Inventories	17	16,132,931	5,299,675	-	-
Trade and Other Receivables	19	240,830,248	171,859,777	52,155,553	368,183,176
Advance and Prepayment	20	14,828,741	686,592,294	4,596,648	5,987,572
Tax Receivables		20,878,850	7,716,921	5,378,508	4,800,752
Other Current Financial Assets	16	232,790,842	379,667,664	210,400,000	345,047,107
Cash and Cash Equivalents	21	44,004,427	37,205,984	871,607	1,229,410
		<b>569,466,042</b>	<b>1,288,342,317</b>	<b>273,402,316</b>	<b>725,248,017</b>
<b>Total Assets</b>		<b>7,542,293,857</b>	<b>6,803,358,397</b>	<b>3,547,263,066</b>	<b>3,566,414,017</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated Capital	22	2,403,272,542	2,403,272,542	2,403,272,542	2,403,272,542
Revaluation Reserve		249,538,008	-	-	-
Retained Earnings		215,861,028	436,131,155	442,305,033	440,158,415
		<b>2,895,348,476</b>	<b>2,839,403,697</b>	<b>2,845,577,575</b>	<b>2,843,430,957</b>
Non Controlling Interest		1,075,256,974	1,199,526,105	-	-
<b>Total Equity</b>		<b>3,943,928,552</b>	<b>4,038,929,802</b>	<b>2,845,577,575</b>	<b>2,843,430,957</b>

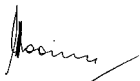
	Note	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>Non-Current Liabilities</b>					
Interest Bearing Loans and Borrowings	18	1,630,612,253	1,203,404,371	-	-
Retirement Benefit Obligation	25	9,736,908	6,341,410	1,103,982	374,892
Advance Received for Leasehold Rights	24.1	-	-	168,535,351	170,328,281
Trade and Other Payables	24.2	-	-	16,581,140	-
Deferred Tax Liability	9.2	15,976,344	-	-	-
		<b>1,656,325,505</b>	<b>1,209,745,781</b>	<b>186,220,473</b>	<b>170,703,173</b>
<b>Current Liabilities</b>					
Trade and Other Payables	24.1	340,990,285	277,819,195	267,392,763	529,289,105
Tax Payables		338,685	55,280	-	-
Interest Bearing Loans and Borrowings	18	1,600,710,830	1,276,808,338	248,072,255	22,990,782
		<b>1,942,039,800</b>	<b>1,554,682,813</b>	<b>515,465,018</b>	<b>552,279,887</b>
<b>Total Equity and Liabilities</b>		<b>7,542,293,857</b>	<b>6,803,358,397</b>	<b>3,547,263,066</b>	<b>3,566,414,017</b>

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

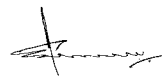


**Ravindra Dissanayake**  
Finance Manager

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



**Prema Cooray**  
Chairman



**Chandana Talwatte**  
Director/ CEO

The Accounting Policies and Notes on pages 53 through 104 form an integral part of these Financial Statements.

28 August 2015  
Colombo

## Statement of Changes in Equity

Year ended 31 March 2015

Group	Stated Capital	Revaluation Reserves	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01 April 2013</b>	2,403,272,542	-	454,945,673	2,858,218,215	1,235,557,492	4,093,775,707
Loss for the year	-	-	(18,840,680)	(18,840,680)	(35,708,973)	(54,549,653)
Other Comprehensive Income	-	-	26,162	26,162	-	26,162
Dividend Paid to Non Controlling Interest	-	-	-	-	(322,414)	(322,414)
<b>Balance as at 31 March 2014</b>	2,403,272,542	-	436,131,155	2,839,403,697	1,199,526,105	4,038,929,803
Loss for the year	-	-	(220,259,759)	(220,259,759)	(169,911,497)	(390,171,256)
Revaluation of Land and Building ( net of tax)	-	249,538,008	-	249,538,008	46,202,359	295,740,367
Other Comprehensive Income	-	-	(10,368)	(10,368)	213,606	203,237
Dividend Paid to Non Controlling Interest	-	-	-	-	(773,599)	(773,599)
<b>Balance as at 31 March 2015</b>	2,403,272,542	276,214,906	215,861,028	2,895,348,475	1,048,580,076	3,943,928,552

Company	Stated Capital	Retained Earnings	Total Equity
	Rs.	Rs.	Rs.
<b>Balance as at 1 April 2013</b>	2,403,272,542	433,809,460	2,837,082,003
Profit for the year	-	6,359,571	6,359,571
Other Comprehensive Income	-	(10,616)	(10,616)
<b>Balance as at 31 March 2014</b>	2,403,272,542	440,158,364	2,843,430,957
Profit for the year	-	2,382,669	2,382,669
Other Comprehensive Income	-	(236,000)	(236,000)
<b>Balance as at 31 March 2015</b>	2,403,272,542	442,305,033	2,845,577,575

The Accounting Policies and Notes on pages 53 through 104 form an integral part of these Financial Statements.

## Cash Flow Statement

Year ended 31 March 2015

	Note	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>Cash Flows From/(Used in) Operating Activities</b>					
Profit/(Loss) before Income Tax Expense		(386,196,841)	(49,447,577)	6,554,778	12,158,474
Adjustments for					
Depreciation	10	94,956,784	47,747,635	1,326,842	1,394,357
Amortisation of Intangible assets	12	166,667	166,667	-	-
Amortisation of Leasehold Property	11	804,470	804,470	571,380	571,390
Share of Lease Right		-	-	(1,792,930)	(1,792,930)
Share of Profit of Associate		(30,953,418)	(12,024,835)	-	-
Finance Costs	7.1	275,263,138	133,586,804	5,629,110	2,705,903
Dividend Income	5.1	-	(159,856)	-	-
Provision for Defined Benefit Plans	23	2,685,803	1,505,590	493,090	225,474
Gain on Investments Disposals	6.1	-	(109,850)	-	(87,250)
Fair value gain/loss on financial assets	7.1	-	8,371,327	-	-
Provision for Bad Debts		-	1,691,511	-	1,691,511
(Profit)/Loss on Disposal of Leased Vehicle		(36,554)	-	(36,554)	-
Operating Profit before Working Capital Changes		(43,309,951)	132,131,885	12,745,726	16,866,930
(Increase)/Decrease in Inventories		(10,833,256)	(1,322,302)	-	-
(Increase)/Decrease in Trade and Other Receivables		(68,970,471)	(19,588,785)	(86,954,506)	(127,834,001)
(Increase)/ Decrease in Advance and Prepayment		671,763,553	(4,082,317)	1,390,924	(3,826,252)
Increase/(Decrease) in Trade and Other Payables		63,171,100	167,910,665	(249,661,234)	101,068,755
Cash Generated from Operations		611,820,975	275,049,146	(322,479,090)	(13,724,568)
Finance Cost Paid		(275,263,138)	(133,586,803)	(5,629,110)	(2,705,903)
Income Tax Paid		(17,777,790)	(14,447,281)	(4,749,867)	(13,854,167)
Defined Benefit Plan Cost Paid		-	(464,745)	-	-
Net Cash Flow From/(Used in) Operating Activities		318,780,047	126,550,317	(332,858,067)	(30,284,639)

## Cash Flow Statement

Year ended 31 March 2015

	Note	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>Cash Flows from/(Used in) Investing Activities</b>					
Acquisition of Property, Plant and Equipment	10.1.3	(1,209,043,370)	(1,607,284,019)	(2,288,279)	(4,823,621)
Acquisition of Intangible Asset		(211,832)	-	-	-
Investment in Subsidiaries		-	-	(25,000,040)	-
Dividend Income	5.1	-	159,856	-	-
Proceeds from Sale of Investments		-	30,564,990	-	4,445,530
Proceeds from Disposal of Fixed Assets		60,000	7,512,378	60,000	6,469,306
Proceeds from Withdrawal of Fixed Deposits		146,876,822	-	134,647,107	-
<b>Net Cash Flow Used in Investing Activities</b>		<b>(1,062,318,380)</b>	<b>(1,569,046,795)</b>	<b>107,418,789</b>	<b>6,091,215</b>
<b>Cash Flows from/(Used in) Financing Activities</b>					
Proceeds from Interest Bearing Loans and Borrowings	17.1	974,607,000	1,475,392,702	-	-
Repayment of Interest Bearing Loans and Borrowings	17.1	(594,565,666)	(211,427,514)	-	(641,180)
Proceeds from Related Party Loans and Borrowings		107,000,000			
Repayment of Related Party Loans and Borrowings		(77,249,315)			
Investment in Fixed Deposits and Treasury Bills		-	(11,594,408)	-	-
Principal Payments under Lease Liabilities	17.2	(4,567,762)	(3,560,286)	-	-
Dividend Paid to Non Controlling Interest		(773,599)	(322,414)	-	-
<b>Net Cash flows From/(Used in) Financing Activities</b>		<b>404,450,658</b>	<b>1,248,488,080</b>	<b>-</b>	<b>(641,180)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>(339,087,676)</b>	<b>(194,008,397)</b>	<b>(225,439,275)</b>	<b>(24,834,604)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	21	<b>(918,656,941)</b>	<b>(724,648,542)</b>	<b>(21,761,372)</b>	<b>3,073,232</b>
<b>Cash and Cash Equivalents at the end of the year</b>	21	<b>(1,257,744,614)</b>	<b>(918,656,941)</b>	<b>(247,200,647)</b>	<b>(21,761,372)</b>

The Accounting Policies and Notes on pages 53 through 104 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1 Reporting Entity

The Citrus Leisure PLC ("the Company") is a public limited liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at No 7/5, Gregory's Road, Colombo 07.

### 1.2 Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the year ended 31 March 2015 comprise the Company and its subsidiaries (together referred to as "the Group").

The Financial Statements of all companies in the Group are prepared for a common financial year, which ends on 31 March and are incorporated in Sri Lanka.

### 1.3 Principal Activities and Nature of Operations

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

Principal activities of the subsidiaries are disclosed in Note 2.1.5

### 1.4 Parent Entity and Ultimate Parent Entity

At present the Company does not have an identifiable parent or an ultimate parent entity of its own.

### 1.5 Responsibility for Financial Statements.

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

### 1.6 Date of Authorization for Issue

The Consolidated Financial Statements of the Group for the year ended 31 March 2015 were authorized for issue in accordance with a resolution of the Board of Directors 28 August 2015.

## 2.1 BASIS OF PREPARATION

### 2.1.1 Basis of Preparation

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRSs/LAKS) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007.

### 2.1.2 Basis of Measurement

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

- Lands and Buildings are measured at cost at the time of the acquisition and subsequently lands are revalued.

Where appropriate, the specific policies are explained in the succeeding Notes.

### 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. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

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## Notes to the Financial Statements

### 2.1.4 Basis of Consolidation

The consolidated financial statements (referred to as the "Group") comprise the financial statements of the Company and Its Subsidiaries as at 31 March 2015.

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

1. The contractual arrangement with the other vote holders of the investee
2. Rights arising from other contractual arrangements
3. The Group's voting rights and potential voting rights

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

### 2.1.5 Subsidiaries

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

Company	Effective Holding 2015	Effective Holding 2014	Principal Activities
1. Hikkaduwa Beach Resort PLC	88.80%	88.80%	Provision of food and beverage, lodging, other hospitality industry related activities.
2. Waskaduwa Beach Resort PLC	59.30%	59.30%	
3. Passikudah Beach Resort Limited	100%	100%	Provision of food and beverages, lodging, and other hospitality related activities  The commercial operations have not yet Commenced
4. Citrus Aqua Limited	51%	51%	Provision of food and beverages, lodging, and other hospitality related activities  The commercial operations have not been stopped temporary since last year
5. Kalpitiya Beach Resort PLC	69.26%	69.26%	The planned principal activities of the company are constructing of a new resort in Kalpitiya and provision of food and beverages, lodging, and other hospitality related activities. The construction activity of the resort was delayed as a result of lack of infrastructural development in the region contrary to the Government's Kalpitiya tourism development plans.

Further the company is currently evaluating the present business plan and is exploring other opportunities with potential business partners in the tourist industry to maximize on potential investment opportunities. This process is still in a preliminary stage.

On 19 of June 2015 the Company called for an extra ordinary general meeting seeking approval for shareholders to pursue an alternative plan and action as set out in the circular to shareholders dated 1 June 2015, to which unanimous approval was received by the Company.

## Notes to the Financial Statements

Company	Effective Holding 2015	Effective Holding 2014	Principal Activities
			Also the Company holds an equity investment of 20.22% in Colombo Land and Development PLC which is accounted for as an equity investee in these financial statements.
			Note 14 describe the carrying value and considerations made as at the reporting date in relation to the said investment.
6. Citrus Vacations Limited	97.76%	51.00%	Carrying out inbound and outbound travels and business of travel agents.
7. Citrus Sliver Limited	100.00%	100.00%	The Company signed an agreement in June 2015 with George Steuart & Co. Ltd, an affiliated company, to operate 50 rooms boutique business hotel under the name "The Steuart by Citrus". The hotel ceremoniously commenced commercial operations on 26 June 2015.
8. Citrus Equity Limited	100.00%	100.00%	Dormant Company
9. Citrus Villas Kalpitiya Limited	100.00%	100.00%	Dormant Company

### 2.1.5.1 Investment in Associates

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

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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.

### 2.1.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

### 3.1 Foreign Currency Translations

The Group's Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), which is the functional and presentation currency of the Group.

#### i) Transactions and balances

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rulings applicable on the dates of the transaction.

Transactions in foreign currencies are initially recorded by the Group at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statement of profit or loss.

### 3.2 Statement of Profit or Loss

For the purpose of presentation of the statement of profit or loss, the function of expenses method is adopted.

### 3.2.1 Revenue

Citrus Leisure PLC's gross revenue comprises dividends received from subsidiaries and provision of management and marketing services to its subsidiaries and managing entities. The Group's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities. The net group's turnover excludes turnover taxes and trade discounts.

#### 3.2.1.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

The specific recognition criteria described below must also be met before revenue is recognised.

##### Room revenue

Room revenue is recognized on the rooms occupied on a daily basis and food and beverage and other hotel related sales are accounted for at the point of sales.

##### Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

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## Notes to the Financial Statements

Interest income is included in finance income in the statement of profit or loss.

### Gains and losses on Disposal of Assets

Gains and losses on disposal of Assets are determined by comparing the net sales proceeds with the carrying amounts of the Assets and are recognised net within "other operating income" in the statement of profit or loss.

### Dividend Income

Dividend income is recognised in statement of profit or loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

## 3.2.2 Taxation

### Current Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, when it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

### Waskaduwa Beach Resort PLC

Pursuant to agreement dated 19 March 2012, entered into with Board of Investments of Sri Lanka under section 17 of the Board of Investment Law No. 04 of 1978, the provision

of the Inland Revenue Act No. 10 of 2006 relating to the imposition, payment and recovery of income tax in respect of the profit and income of the Company shall not apply for a period of twelve (12) years reckoned from the year of assessment as may be determined by the Board ("the tax exemption period").

### Hikkaduwa Beach Resort PLC

#### a. Hotel Operations

The profit relating to the hotel operation is exempt from income tax for 6 years reckoned from the commencement of the year of assessment in which such undertaking commences to make profits from transactions entered in to in that year of assessment or from the commencement of the year of assessment immediately succeeding the year of assessment in which such undertaking completes a period of two years reckoned from the date on which such undertaking commences to carry on commercial operations, whichever occurs earlier. Accordingly tax exemption will expire in 2016/17.

#### b. Interest Income

Interest income is taxed at the rate of 28%.

### Deferred Taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

#### Sales tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax included

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

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## Notes to the Financial Statements

### 3.2.3 Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

### 3.2.4 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset.

### 3.2.5 Finance costs

Finance costs comprise interest expense on borrowings that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## 3.3 Assets and bases of their valuation

### 3.3.1 Property, Plant and Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services and for administration purpose and are expected to be used for more than one year

#### 3.3.1.1 Basis of Recognition

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets

will flow to the Group and cost of the asset can be reliably measured.

#### 3.3.1.2 Basis of measurement

Items of property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, whilst land is measured at fair value.

#### 3.3.1.3 Owned assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land and buildings are done with sufficient frequency to ensure that the fair value of the land and buildings do not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity,

except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement, in which case, the increase is recognised in the Income Statement. A revaluation deficit is recognised in the Income Statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

#### 3.3.1.4 Subsequent Costs

The cost of replacing a component of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised in accordance with the de-recognition policy given below.

The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in profit and loss as incurred.

#### 3.3.1.5 De-recognition

The carrying amount of an item of Property, Plant and Equipment is de-recognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on de-recognition are recognised in statement of income and gains are not classified as revenue. When revalued assets are sold, any related amount included in the Revaluation Reserve is transferred to Retained Earnings

#### 3.3.1.6 Depreciation

Depreciation is recognised in the Statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	40 Years
Furniture and Fittings	6 Years
Entertainment Equipments	4 Years
Office Equipments	6 Years
Sundry Equipments	5 Years
Linen and Furnishing	3 years
Kitchen Utensils and Other Equipments	10 years
Electrical Fittings	10 years
Crockery and Cutlery	3 Years
Motor Vehicles	4 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is de-recognized.

The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

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## Notes to the Financial Statements

### 3.3.1.7 Lease assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

### 3.3.1.8 Group as a lessee

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement 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 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 recognised in finance costs in the statement of income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

## 3.4 Current Assets

Assets classified as current assets on the Statement of Financial Position are cash and bank balances and those

which are expected to be realised in cash during the normal operating cycle or within one year from the reporting date, whichever is shorter.

### 3.4.1 Inventories

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

Housekeeping and Maintenance	} At actual cost on weighted average basis
Food and Beverages	
Printing & Stationary	
Consumables and Other	

### 3.4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

### 3.4.3 Impairment of non-financial assets

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

exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently, if events or changes in circumstances indicate that they might be impaired.

#### 3.4.3.1 Calculation of recoverable amount

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

### 3.5 Financial instruments – initial recognition and subsequent measurement

#### i) Financial assets

##### Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and unquoted financial instruments.

##### Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

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

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under LKAS 39 are satisfied. The Group has not designated any financial assets at

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## Notes to the Financial Statements

fair value through profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) The Group has transferred substantially all the risks and rewards of the asset, or
  - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

#### ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no

objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated

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## Notes to the Financial Statements

impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

### iii) Financial liabilities

#### Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

#### Subsequent measurement

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

#### Loans and borrowings

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

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

#### De-recognition

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

#### iv) Fair Value Measurement

The Group measures investments in quoted equity securities, and lands, at fair value. Fair value related disclosures for financial and non-financial assets that are measured at fair value are summarised in the following notes:

- Quantitative disclosures of fair value measurement hierarchy Note 10.
- Lands and Buildings under revaluation model Note 11.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

### 3.6 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it

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## Notes to the Financial Statements

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 asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

### 3.6.1 Post-Employment Benefits

#### i) Defined Benefit Plan - Gratuity

A defined benefit plan is a post-employment benefit plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 on "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Any actuarial gains or losses arising are recognized in other comprehensive income.

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 25. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 on "Employee Benefits". However, under the payment

of gratuity act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded.

#### ii) Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

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

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

### 3.6.2 Short term benefits

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

### 3.7 Stated Capital

Ordinary shares are classified as equity.

### 3.8 General Earnings/ (Loss) Per Share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the

Company by the weighted average number of ordinary shares outstanding during the period.

### 3.9 Cash Flow Statement

The Cash Flow Statement has been prepared using the "indirect method". Interest paid is classified as an operating cash flow. Grants received, which are related to purchase and construction of Property, Plant and Equipment are classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities.

Dividends paid are classified as financing cash flows and Dividends received are classified as investing cash flows.

### 3.10 Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Group's accounting policies, management has exercise judgment and estimates in determining the amounts recognized in the Financial Statements. Use of available information, estimates and assumptions and application of judgment is inherent in the preparation of the Financial Statements as they affect the application of accounting policies and the recorded amounts in the Financial Statements.

The Group believes its estimates including the valuation of assets and liabilities are appropriate. Estimates and Underline assumptions are reviewed on a continuous basis. However, the actual results may differ from those estimates. The most significant uses of judgment and estimates are as follows.

#### Going Concern

The Directors have made an assessment of the Group's ability

to continue as a going concern and they do not intend either to liquidate or to cease trading and operations.

#### Deferred Taxation

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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### Employee Benefit Liability – Gratuity

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

In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Further details about defined benefit obligations are given in Note 25.

### 3.11 Changes in accounting policies and disclosures

Revaluation of land and buildings (Property, plant and equipments)

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## Notes to the Financial Statements

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of certain classes of property, plant and equipment after initial recognition. The Group has previously measured land and buildings using the cost model as set out in LKAS 16.30, whereby after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 April 2014 the Group elected to change the method of accounting for land and buildings classified in property, plant and equipment, since the Group believes that revaluation model more effectively demonstrates the financial position of land and buildings and is more aligned to practices adopted by its competitors where the properties are held to earn rentals. In addition, the activity in the property markets in which these assets are located provides observable market data on which reliable fair value estimates can be derived.

After initial recognition, the Group uses the revaluation model, whereby land and buildings will be measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group applied the revaluation model prospectively.

#### 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Company and may have an impact on the future financial statements.

i) SLFRS 9 -Financial Instruments: Classification and Measurement

In December 2014, the CA Sri Lanka issued the final version of SLFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces LKAS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

ii) SLFRS 15 -Revenue from Contracts with Customers  
SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. This standard is effective for the annual periods beginning on or after 01 January 2017.

iii) SLFRS 14 -Regulatory Deferral Accounts  
The scope of this standard is limited to first-time adopters of SLFRS that already recognise regulatory deferral account balances in their financial statements. Consequently, the financial statements of rate regulated entities that already apply SLFRS, or that do not otherwise recognise such balances, will not be affected by this standard.

SLFRS 14 is effective for annual periods beginning on or after 1 January 2018. Since the Group is an existing SLFRS preparer, this standard would not apply.

None of these new standards are expected to have a material effect on the financial statements of the Company. Pending the detailed review of such standards and interpretations, the extent of the impact has not been determined by the management.

Year ended 31 March 2015

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
<b>5. REVENUE</b>				
Gross Revenue (Note 5.1)	916,605,479	307,685,387	20,796,258	2,873,227
Tourism Development Levy	(6,191,680)	(2,977,588)	-	-
	<b>910,413,798</b>	<b>304,707,799</b>	<b>20,796,258</b>	<b>2,873,227</b>
<b>5.1 Gross Revenue</b>				
Hotel Income	594,712,433	283,231,856	-	-
Income from villa	-	1,671,947	-	-
Boat Income	-	60,000	-	-
Diving Income	5,160	24,980	-	-
Air Ticket	317,074,826	22,541,821	-	-
Management Fees	4,813,060	-	20,796,258	2,873,227
Commission for Sale of Books	-	11,650	-	-
Transport Income	-	143,133	-	-
	<b>916,605,479</b>	<b>307,685,387</b>	<b>20,796,258</b>	<b>2,873,227</b>
<b>6. OTHER INCOME AND GAINS</b>				
<b>6.1 Other Income</b>				
Income from sublease	-	-	1,792,932	1,792,930
Dividend Income	9,200	159,856	6,135,269	2,556,358
Other Income from Hotel Related Activities	2,656,580	-	-	-
Exchange gain	260,404	272,158	-	-
Service charges on Air line ticketing activities	-	6,634,711	-	-
Travel Insurance Commission	601,270	548,471	-	-
Guest Telephone	31,889	48,191	-	-

## Notes to the Financial Statements

Year ended 31 March 2015

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
<b>6.1 Other Income (Contd.)</b>				
Guest Laundry	2,053,975	716,897	-	-
Swimming Pool	89,636	104,565	-	-
Ayurvedic Centre	2,571,021	843,587	-	-
Commissions and Service Charge Income	3,823,506	-	-	-
Gain on Disposal Motor Vehicle	36,554	-	36,554	-
Profit on Sale of Shares	131,948	109,851	-	87,250
Sundry Income	8,179,118	208,480	-	250,096
Written Back of Payables	-	2,460,121	-	-
	<b>20,445,101</b>	<b>12,106,888</b>	<b>7,964,755</b>	<b>4,686,634</b>
<b>7. FINANCE COSTS AND INCOME</b>				
<b>7.1 Finance Cost</b>				
Interest Expenses on Bank Overdrafts	126,410,187	129,337,605	4,612,603	2,158,223
Interest Expenses on Finance Leases	2,533,717	3,548,072	-	-
Interest Expenses on Bank Loans	146,295,924	701,126	1,016,507	-
Fair value loss on financial assets at fair value through profit or loss	23,310	8,371,327	-	547,680
	<b>275,263,138</b>	<b>141,958,131</b>	<b>5,629,110</b>	<b>2,705,903</b>
<b>7.2 Finance Income</b>				
Interest Income on Fixed Deposits	23,809,930	41,956,564	22,485,249	40,282,558
Interest Income on Related Party Loans	-	-	152,876	-
	<b>23,809,930</b>	<b>41,956,564</b>	<b>22,638,125</b>	<b>40,282,558</b>

Year ended 31 March 2015

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
<b>8. PROFIT BEFORE TAX</b>				
Stated after Charging				
<b>Included in Administrative Expenses</b>				
Employees Benefits including the following	94,259,389	30,271,077	18,338,556	7,962,843
- Defined Benefit Plan Costs - Gratuity	2,685,803	1,505,590	225,474	225,474
- Defined Contribution Plan Costs - EPF and ETF	7,906,809	2,157,321	-	-
Depreciation	94,956,784	48,235,510	1,868,820	1,965,747
Amortisation of Intangible Assets	166,667	250,183	-	-
Audit Fees	1,300,000	1,094,500	220,000	200,000
<b>Included in Selling and Distribution Costs</b>				
Advertising Costs	5,103,756	2,962,323	-	-

**9. INCOME TAX EXPENSE**

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

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
<b>Income Statement</b>				
<b>Current Income Tax</b>				
Current Income Tax charge (Note 9.1)	4,813,031	7,339,342	4,109,331	7,331,426
Deemed Dividend Tax	62,778	-	62,778	-
Under provision in respect of previous year	-	(1,512,550)	-	(1,532,523)
	4,875,809	5,826,792	4,172,109	5,798,903
<b>Deferred Income Tax</b>				
Deferred Taxation Charge/(Reversal) (Note 9.3)	(901,394)	(728,278)	-	-
<b>Income tax expense reported in the Statement of profit or loss</b>	<b>3,974,415</b>	<b>5,102,076</b>	<b>4,172,109</b>	<b>5,798,903</b>

## Notes to the Financial Statements

Year ended 31 March 2015

### 9.1 A reconciliation between tax expense and the product of accounting profit

Multiplied by the statutory tax rate is as follows :

	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Accounting Profit/(Loss) before income tax	(386,196,841)	(49,447,577)	6,554,778	12,158,474
Allowable Items	(503,417,091)	(102,240,288)	(7,908,840)	(4,525,840)
Disallowable Items	101,036,880	66,686,708	3,212,276	10,815,970
Interest Income	(23,809,930)	(41,956,564)	(22,638,125)	(40,282,558)
Business loss set-off	(47,799,620)	(34,850,641)	-	-
Profit and Income Exempt from Tax	(860,186,602)	(160,026,032)	(20,779,911)	(21,833,954)
Taxable Profit/ (Loss)	4,372,926	-	-	-
Interest Income	23,809,930	41,956,564	22,638,125	40,282,558
Trade income	(145,403)	-	-	-
Total Statutory Income	28,037,453	41,956,564	22,638,125	40,282,558
Tax Losses Brought Forward and Utilised	(7,961,944)	(14,098,895)	(7,961,944)	(14,098,895)
Assessable/Taxable Income	20,075,510	26,075,339	14,676,181	26,183,663
Statutory Tax Rate 12%	616,995	-	-	-
Statutory Tax Rate 28%	4,196,037	7,339,342	4,109,331	7,331,426
	4,813,031	7,339,342	4,109,331	7,331,426

Year ended 31 March 2015

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

Group	Statement of Financial Position		Income Statement	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Deferred Tax on Revaluation of Buildings	19,525,461	-	-	-
	19,525,461	-	-	-
Deferred Income Tax Asset				
Capital allowances for tax purposes	2,695,299	1,937,088	(758,211)	(667,634)
Retirement Benefit Obligation - Through statement of profit or loss	799,631	656,448	(143,183)	(60,644)
Retirement Benefit Obligation - Through Other	54,187	(3,561)		-
Comprehensive Income				
	3,549,117	2,589,974		
Deferred income tax charge/(reversal)			(901,394)	(728,278)
Net Deferred Tax Asset/(Liability)	(15,976,344)	2,589,974		

	Group	
	2015 Rs.	2014 Rs.
9.3 Reconciliation of Deferred Tax Charge / (Reversal)		
Deferred Tax Charge reported in the Statement of Profit or Loss	(901,394)	(728,278)
Deferred Tax Charge reported in Other Comprehensive Income	19,467,713	3,561
	(18,566,319)	(724,716)

9.4 Deferred Tax on Unutilized Tax Losses

The Group has a carried forward tax loss amounting to Rs.43,013,334/- (2014 - Rs.43,013,334/-) that is available indefinitely for offset against future Statutory Income of the Group subject to limitation of 35% of Statutory Income in each year of assessment. A deferred tax asset amounting to Rs.8,655,033/- (2014 - Rs.8,655,033/-) has not been recognised in respect of this tax loss and other temporary differences which has resulted deferred tax assets as it is anticipated that the deferred tax asset will not realise in the foreseeable future.

## Notes to the Financial Statements

Year ended 31 March 2015

### 10. FAIR VALUE MEASUREMENT

10.1 The following table provides the fair value measurement hierarchy of the Group's assets.

Fair value measurement hierarchy for assets as at 31 March 2015

		Fair value measurement using			
		Total Rs. '000	Quoted prices in active markets (Level 1) Rs. '000	Significant observable inputs (Level 2) Rs. '000	Significant unobservable inputs (Level 3) Rs. '000
Assets measured at fair value:					
As at 31 March 2015					
Financial Assets					
Fair Value through profit or loss ( Note 16.1.1.1)					
Quoted Investment in Equity Securities	31 March 2015	579,600	579,600	-	-
<b>Total Fair Value through profit or loss</b>		<b>579,600</b>	<b>579,600</b>	<b>-</b>	<b>-</b>
<b>Total Financial Assets</b>		<b>579,600</b>	<b>579,600</b>	<b>-</b>	<b>-</b>
Non Financial Assets					
Land (Note 11.1.1)	31 March 2015	1,481,225,000	-	-	1,481,225,000
Building (Note 11.1.1)	31 March 2015	3,114,413,092	-	-	3,114,413,092
<b>Non Financial Assets as at 31 March 2015</b>		<b>4,595,638,092</b>	<b>-</b>	<b>-</b>	<b>4,595,638,092</b>
As at 31 March 2014					
Financial Assets					
Fair Value through profit or loss ( Note 16.1.1.1)					
Quoted Investment in Equity Securities	31 March 2014	17,553,434	17,553,434	-	-
<b>Total Fair Value through profit or loss</b>		<b>17,553,434</b>	<b>17,553,434</b>	<b>-</b>	<b>-</b>
<b>Total Financial Assets</b>		<b>17,553,434</b>	<b>17,553,434</b>	<b>-</b>	<b>-</b>

Year ended 31 March 2015

	Balance As At 01.04.2014 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Revaluation Reserves Rs.	Balance As At 31.03.2015 Rs.
<b>11. PROPERTY, PLANT AND EQUIPMENT</b>					
<b>11.1 Group</b>					
<b>11.1.1 Gross Carrying Amounts</b>					
<b>At Cost or valuation</b>					
Freehold Land	1,032,424,355	296,246,040	-	152,554,605	1,481,225,000
Buildings	497,302,744	2,539,982,090	(85,582,965)	162,711,224	3,114,413,092
Motor Vehicles	590,560	1,335,270	(312,060)	-	1,613,770
Furniture and Fittings	41,966,967	178,583,189	-	-	220,550,156
Plant & Machinery	3,692,334	124,180,011	-	-	127,872,345
Equipments :					
Entertainment Equipment	5,024,940	42,884,339	-	-	47,909,279
Office Equipment	7,820,070	1,220,312	(113,000)	-	8,927,382
Gardening and Other Equipment	410,510	30,728,719	-	-	31,139,229
Sundry Equipment	18,878,762	1,274,206	-	-	20,152,968
Linen and Furnishing	9,888,851	47,476,231	-	-	57,365,082
Kitchen Utensils and Other Equipment	13,624,278	120,218,044	-	-	133,842,322
Air Conditioner	59,473,636	174,224,462	-	-	233,698,098
Computer Equipments	1,074,602	14,595,146	-	-	15,669,748
Generator	10,497,393	38,278,200	-	-	48,775,593
Electrical Fittings	28,171,598	74,751,597	-	-	102,923,195
Crockery and Cutlery	2,691,071	17,967,263	(782,066)	-	19,876,268
	1,733,532,670	3,703,945,120	(86,790,091)	315,265,829	5,665,953,527

## Notes to the Financial Statements

Year ended 31 March 2015

	Balance As At 01.04.2014 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Revaluation Reserves	Balance As At 31.03.2015 Rs.
<b>11. PROPERTY, PLANT AND EQUIPMENT (Contd.)</b>					
<b>11.1.2 Assets on Finance Leases</b>					
Electrical Fittings	1,541,682	-	-	-	1,541,682
Motor Vehicle	28,257,648	-	-	-	28,257,648
	29,799,330	-	-	-	29,799,330
<b>Total Value of Depreciable Assets</b>	<b>1,763,332,000</b>	<b>3,703,945,120</b>	<b>(86,790,091)</b>	<b>315,265,829</b>	<b>5,695,752,857</b>
<b>11.1.3 In the Course of Construction</b>					
Building Work in Progress	2,435,236,055	1,097,647,049	(3,505,758,708)	-	27,124,397
<b>Total Gross Carrying Amount</b>	<b>4,198,568,055</b>	<b>4,801,592,170</b>	<b>(3,592,548,799)</b>	<b>315,265,829</b>	<b>5,722,877,254</b>
<b>11.1.4 Depreciation</b>					
<b>At Cost or Valuation</b>					
Buildings	26,480,116	60,090,293	(38,026,977)	(47,555,988)	987,444
Motor Vehicles	419,325	282,385	(288,614)	-	413,096
Furniture and Fittings	14,464,392	28,710,714	-	-	43,175,106
Plant & Machinery	964,528	9,548,637	-	-	10,513,165
Equipments :					-
Entertainment Equipment	2,828,761	8,889,320	-	-	11,718,081
Office Equipment	2,316,045	1,564,201	(18,828)	-	3,861,417

Year ended 31 March 2015

	Balance As At 01.04.2014 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Revaluation Reserves	Balance As At 31.03.2015 Rs.
<b>11.1.4 Depreciation (Contd.)</b>					
Gardening and Other Equipment	139,419	3,901,440	-	-	4,040,859
Sundry Equipment	9,848,073	3,825,690	-	-	13,673,763
Linen and Furnishing	5,953,579	14,324,123	-	-	20,277,702
Kitchen Utensils and Other Equipment	2,819,648	10,369,720	-	-	13,189,367
Air Conditioner	8,736,160	13,266,475	-	-	22,002,635
Computer Equipments	837,828	3,772,890	-	-	4,610,718
Generator	1,807,193	2,726,860	-	-	4,534,053
Electrical Fitting	4,241,461	8,284,745	-	-	12,526,207
Crockery and Cutlery	1,780,020	4,925,403	-	-	6,705,423
	83,636,546	174,482,897	(38,334,419)	(47,555,988)	172,229,036
<b>11.1.5 Assets On Finance Leases</b>					
Electrical Fittings	1,540,566	1,116	-	-	1,541,682
Motor Vehicle	13,544,569	6,363,179	-	-	19,907,748
	15,085,135	6,364,295	-	-	21,449,430
<b>Total Depreciation</b>	98,721,681	180,847,191	(38,334,419)	(47,555,988)	193,678,466

## Notes to the Financial Statements

Year ended 31 March 2015

	2015 Rs.	2014 Rs.
<b>11.1.6 Net Book Values</b>		
<b>At Cost or Valuation</b>		
Freehold Land	1,481,225,000	1,032,424,355
Buildings	3,113,425,648	470,822,628
Motor Vehicles	1,200,674	171,235
Furniture and Fittings	177,375,050	27,502,575
Plant & Machinery	117,359,179	2,727,806
Equipments :		
Entertainment Equipment	36,191,198	2,196,179
Office Equipment	5,065,965	5,504,025
Gardening and Other Equipment	27,098,370	271,091
Sundry Equipment	6,479,205	9,030,689
Linen and Furnishing	37,087,380	3,935,272
Kitchen Utensils and Other Equipment	120,652,954	10,804,630
Air Conditioner	211,695,464	50,737,476
Computer Equipments	11,059,030	236,775
Generator	44,241,540	8,690,200
Electrical Fittings	90,396,988	23,930,137
Crockery and Cutlery	13,170,845	911,050
	<b>5,493,724,491</b>	<b>1,649,896,124</b>
<b>Assets on Finance Leases</b>		
Electrical Fittings	-	1,116
Motor Vehicle	8,349,900	14,713,079
	<b>8,349,900</b>	<b>14,714,195</b>
<b>In the Course of Construction</b>		
Building Work in Progress	27,124,397	2,435,236,055
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>5,529,198,789</b>	<b>4,099,846,374</b>

Year ended 31 March 2015

11.1.7 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.1,209,043,370/- (2014-Rs.2,085,656,078/-). Cash payment amounting to Rs.1,209,043,370/- (2014-Rs. 1,607,284,019/-) were made during the year for purchase of Property, Plant and Equipment.

#### 11.1.8 Revaluation of land and buildings

The land and buildings belonging to Hikkaduwa Beach Resorts PLC, Waskaduwa Beach Resorts PLC, Kalpitiya Beach Resorts PLC and Passikudah Beach Resort Limited were revalued as at 31 March 2015 by M/S Ariyathilaka & Co. (Private) Limited. Such assets were valued based on market comparable method. The surplus arising from the revaluation was transferred to the revaluation reserve.

Fair value measurement disclosures for revalued land and buildings are provided in Note 10.

Significant unobservable valuation input:	Significant unobservable input : price range per perch/ Sq.ft	
Hikkaduwa Beach Resorts PLC		
- Land		Rs. 1,000,000/- per perch
Waskaduwa Beach Resorts PLC		
- Land		Rs. 500,000/- per perch
	<u>Room Area (Sq.ft)</u>	<u>Other (Sq.ft)</u>
- Buildings		
Ground floor	Rs. 15,000/-	Rs. 11,750/-
First floor	Rs. 15,000/-	Rs. 3,525/-
Second floor	Rs. 15,000/-	Rs. 3,750/-
Third floor	Rs. 15,000/-	Rs. 14,000/- and Rs.5,500/-
Roof Top and Other	-	Rs.2,750/- and Rs.2,500/-
Kalpitiya Beach Resorts PLC		
- Land (Freehold)		Rs. 28,130/- per perch
Passikudah Beach Resorts Limited		
- Land		Rs. 150,000/- per perch

## Notes to the Financial Statements

Year ended 31 March 2015

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

Class of Assets	Cost	Cumulative Depreciation if assets were carried at cost	Net Carrying Amount 2015	Net Carrying Amount 2014
	Rs.	Rs.	Rs.	Rs.
Land	886,808,404	-	886,808,404	678,303,164
Building	3,032,524,586	85,582,965	2,946,941,621	467,996,702
	3,919,332,990	85,582,965	3,833,750,025	1,146,299,866

11.1.10 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 PLC	Hikkaduwa	Freehold	312 Perches	-	1
Waskaduwa Beach Resort PLC	Waskaduwa	Freehold	1,265 Perches	-	-
Waskaduwa Beach Resort PLC	Waskaduwa	Freehold	1322 Perches	-	-
Kalpitiya Beach Resort PLC	Kalpitiya	Leasehold	5,680 Perches	99 years	-
Kalpitiya Beach Resort PLC	Kalpitiya	Freehold	6,932 Perches	-	-
Passikudah Beach Resort Limited	Passikudah	Freehold	1986 Perches	-	-

Year ended 31 March 2015

	Balance As At 01.04.2014 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2015 Rs.
<b>11.2 Company</b>				
<b>11.2.1 Gross Carrying Amounts</b>				
At Cost or Valuation				
Building Improvements	3,702,788	1,057,460	-	4,760,248
Furniture and Fittings	3,702,863	114,346	-	3,817,209
Equipments :				
Office Equipment	1,690,097	1,053,509	-	2,743,605
Sundry Equipment	56,099	29,464	-	85,563
Linen and Furnishing	93,743	-	-	93,743
Kitchen Utensils and Other Equipment	1,653,234	33,500	-	1,686,734
Electrical Fittings	1,316	-	-	1,316
Motor Vehicle	150,080	-	(150,080)	-
	11,050,220	2,288,279	(150,080)	13,188,419
<b>11.2.2 Assets on Finance Leases</b>				
Electrical Fittings	1,540,566	-	-	1,540,566
	1,540,566	-	-	1,540,566
<b>Total Value of Depreciable Assets</b>	<b>12,590,787</b>	<b>2,288,279</b>	<b>(150,080)</b>	<b>14,728,984</b>

## Notes to the Financial Statements

Year ended 31 March 2015

	Balance As At 01.04.2014 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2015 Rs.
<b>11.2.3 Depreciation</b>				
<b>At Cost or Valuation</b>				
Building Improvements	69,428	110,581	-	180,009
Furniture and Fittings	1,357,365	622,413	-	1,979,778
Equipments :				
Office Equipment	386,869	371,949	-	758,817
Sundry Equipment	36,158	15,640	-	51,798
Linen and Furnishing	92,862	881	-	93,743
Kitchen Utensils and Other Equipment	297,903	167,908	-	465,811
Electrical Fitting	1,316	-	-	1,316
Motor Vehicle	89,114	37,520	(126,634)	-
	2,331,014	1,326,893	(126,634)	3,531,273
<b>Assets On Finance Leases</b>				
Electrical Fittings	1,540,566	-	-	1,540,566
	1,540,566	-	-	1,540,566
<b>Total Depreciation</b>	<b>3,871,580</b>	<b>1,326,893</b>	<b>(126,634)</b>	<b>5,071,839</b>

Year ended 31 March 2015

	2015 Rs.	2014 Rs.
<b>11.2.4 Net Book Values</b>		
<b>At Cost or Valuation</b>		
Building Improvements	4,580,240	3,633,361
Furniture and Fittings	1,837,430	2,345,497
Equipments :		
Office Equipment	1,984,787	1,303,228
Sundry Equipment	33,766	19,942
Furnishing and Linen	-	881
Kitchen Utensils and Other Equipment	1,220,923	1,355,331
Motor Vehicle	-	60,966
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>9,657,146</b>	<b>8,719,206</b>

11.2.5 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.2,288,279/- (2014 - Rs. 4,823,621/-). Cash payment amounting to Rs.2,288,279/- (2014 - Rs. 4,823,621/-) were made during the year for purchase of Property, Plant and Equipment.

	2015 Rs.	2014 Rs.	Company	
			2015 Rs.	2014 Rs.
<b>12. LEASEHOLD PROPERTY</b>				
As at 01 April	77,086,312	77,890,782	54,710,554	55,281,944
Amortisation for the year	(804,470)	(804,470)	(571,390)	(571,390)
As at 31 March	<b>76,281,842</b>	<b>77,086,312</b>	<b>54,139,164</b>	<b>54,710,554</b>

## Notes to the Financial Statements

Year ended 31 March 2015

	Balance As at 01.04.2014 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2015 Rs.
<b>13. INTANGIBLE ASSETS - GROUP</b>				
<b>13.1 Cost</b>				
Website Development Cost	500,000	211,832	-	711,832
	500,000	211,832	-	711,832
<b>13.2 Amortisation</b>				
Website Development Cost	333,333	166,667	-	500,000
	333,333	166,667	-	500,000
<b>Net Book Values</b>				
Intangible Assets			211,832	166,667
			211,832	166,667

Intangible Asset is amortized over 03 years

	2015 Rs.	2014 Rs.
<b>14. INVESTMENT IN SUBSIDIARIES - COMPANY</b>		
Investments in Quoted Subsidiaries (Note 14.1)	2,765,124,239	2,765,124,239
Investments in Non - Quoted Subsidiaries (Note 14.2)	37,612,040	12,612,040
<b>Total Carrying Value of Investments in Subsidiaries</b>	<b>2,802,736,279</b>	<b>2,777,736,279</b>

Year ended 31 March 2015

	Holding		Cost	
	2015 %	2014 %	2015 Rs.	2014 Rs.
<b>14.1 Quoted Investment in Subsidiaries</b>				
Waskaduwa Beach Resort PLC	59.30%	59.30%	931,207,498	931,207,498
Kalpitiya Beach Resort PLC	69.26%	69.26%	1,174,079,461	1,174,079,461
Hikkaduwa Beach Resort PLC	88.80%	88.80%	659,837,280	659,837,280
<b>Total Quoted Investment in Subsidiaries</b>			<b>2,765,124,239</b>	<b>2,765,124,239</b>

	Holding		Cost	
	2015 %	2014 %	2015 Rs.	2014 Rs.
<b>14.2 Non-Quoted Investment in Subsidiaries</b>				
Citrus Aqua Limited	51.00%	51.00%	12,000,000	12,000,000
Citrus Vacation Limited	98.00%	51.00%	25,612,000	612,000
Passikudah Beach Resort Limited	100.00%	100.00%	10	10
Citrus Equity Limited	100.00%	100.00%	10	10
Citrus Silver Ltd	100.00%	100.00%	10	10
Citrus Villas Kalpitiya Limited	100.00%	100.00%	10	10
<b>Total Non-Quoted Investment in Subsidiaries</b>			<b>37,612,040</b>	<b>12,612,040</b>

## 15. INVESTMENT IN ASSOCIATES

### Cost of investment in Associate

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

## Notes to the Financial Statements

Year ended 31 March 2015

	Number of Shares		2015	2014
	2015	2014	Rs.	Rs.
<b>15.1 Quoted</b>				
Colombo Land & Development Company PLC	40,413,200	40,413,200	1,335,326,753	1,323,301,918
Share of Profit/ (Loss) of Associate			30,953,418	12,024,835
Share of other comprehensive income of Associate			855,184	-
Carrying Value of the Investments			1,367,135,355	1,335,326,753

The following table illustrates the summarised financial information of the Company's investment in Colombo Land & Development Company PLC

	2015	2014
	Rs.	Rs.
<b>Statement of Financial Position</b>		
Current Assets	71,064,465	912,251,990
Non- Current Assets	5,548,606,672	(62,678,563)
Current Liabilities	924,454,508	(304,759,075)
Non- Current Liabilities	1,782,042,035	(154,279)
Total Equity	8,326,167,680	544,660,074
<b>Attributable to:</b>		
Equity holders of Parent	2,913,951,117	2,756,625,023
Non Controlling Interest	(776,523)	(763,000)
Total Equity	2,913,174,594	2,755,862,023
<b>Income Statement</b>		
Revenue	149,680,915	125,470,000
Profit before Income Tax	222,307,385	118,322,869
Income Tax	(69,224,210)	(56,444,188)
Profit after tax	153,083,175	61,878,681
Other Comprehensive Income	4,229,396	(1,878,000)
Total comprehensive Income	157,312,571	60,000,681

Year ended 31 March 2015

	2015 Rs.	2014 Rs.
<b>Market value of the investment as at 31 March,</b>		
Market Value of a Share	24.60	35.60
Market Value of the Investment	994,164,720	1,438,709,920

The board of directors believes that the reduction of the market value below the carrying value of the investment is temporally in nature and does not reflect a permanent diminution in value. Accordingly, no impairment loss has been recognized as at reporting date.

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>16. OTHER FINANCIAL ASSETS</b>				
<b>Fair value through profit or loss</b>				
Investment in Quoted Securities (Note 16.1)	579,600	17,553,434	-	-
<b>Other Financial Assets</b>				
Investments in Fixed Deposits	229,547,059	359,618,083	210,400,000	345,047,107
Treasury Bills	2,664,183	2,496,147	-	-
<b>Total Other Financial Assets</b>	<b>232,790,842</b>	<b>379,667,664</b>	<b>210,400,000</b>	<b>345,047,107</b>

## Notes to the Financial Statements

Year ended 31 March 2015

	No. of Shares		Carrying	Carrying
	2015	2014	Value	Value
			2015	2014
			Rs.	Rs.
<b>16.1 Investment in Quoted Securities - Current - Group</b>				
<b>Quoted</b>				
Asian Hotels and Properties PLC	9,200	9,200	579,600	540,960
Aitken Spense Hotel Holdings PLC	-	102,900	-	7,203,000
Royal Ceramics Lanka PLC	-	123,698	-	9,809,474
	<b>9,200</b>	<b>235,798</b>	<b>579,600</b>	<b>17,553,434</b>
<b>Total Investments in Quoted Securities</b>			<b>579,600</b>	<b>17,553,434</b>

	Group	
	2015	2014
	Rs.	Rs.
<b>17. INVENTORIES</b>		
House Keeping and Maintenance	3,344,574	1,518,698
Food	8,545,045	1,426,577
Beverage	2,006,953	2,019,880
Printing and Stationary	318,300	334,520
Other Stocks	1,918,059	-
	<b>16,132,931</b>	<b>5,299,675</b>

Year ended 31 March 2015

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>18. INTEREST BEARING LOANS AND BORROWINGS</b>				
Other Financial Liabilities				
Current Interest -bearing loans and borrowings				
Obligations under finance leases (Note 18.4)	5,190,103	3,069,405	-	-
Bank Loans (Note 18.1)	224,021,000	277,876,008	-	-
Related Party Loans (Note 18.2)	69,750,685	40,000,000	-	-
Bank Overdraft	1,301,749,042	955,862,925	248,072,255	22,990,782
	<b>1,600,710,830</b>	<b>1,276,808,338</b>	<b>248,072,255</b>	<b>22,990,782</b>
Non-Current Interest -bearing loans and borrowings				
Obligations under finance leases (Note 18.4)	3,992,253	10,680,713	-	-
Bank Loans (Note 18.1)	1,626,620,000	1,192,723,658	-	-
	<b>1,630,612,253</b>	<b>1,203,404,371</b>	<b>-</b>	<b>-</b>
<b>Total Interest-bearing loans and borrowings</b>	<b>3,231,323,083</b>	<b>2,480,212,710</b>	<b>248,072,255</b>	<b>22,990,782</b>

	Rate of Interest %	Term of Repayment	As at 1.04.2014 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2015 Rs.
<b>18.1 Bank Loans - Group</b>						
Sampath Bank Loan I	AWPLR + 1% p.a	108 installments	995,393,000	654,607,000	-	1,650,000,000
Sampath Bank Loan II	AWPLR + 1% p.a	36 installments	3,540,000	-	(2,899,000)	641,000
Commercial Bank	AWPLR + 1.5% p.a	60 equal monthly installments	-	200,000,000	-	200,000,000
Bank of Ceylon	AWPLR + 2.5% with a floor of 14.75% pa	60 equal monthly installments	471,666,666	120,000,000	(591,666,666)	-
			<b>1,470,599,666</b>	<b>974,607,000</b>	<b>(594,565,666)</b>	<b>1,850,641,000</b>

## Notes to the Financial Statements

Year ended 31 March 2015

	2015 Rs.	2014 Rs.
Current	224,021,000	277,876,008
Non Current	1,626,620,000	1,192,723,658
	<b>1,850,641,000</b>	<b>1,470,599,666</b>

	Relationship	Rate of Interest %	Balance As at 01.04.2014 Rs.	Loans Obtained Rs.	Repayments/ Settled Rs.	Balance As at 31.03.2015 Rs.
<b>18.2 Related Party Loans - Group</b>						
George Stuart Finance PLC**	Affiliate	10%	40,000,000	-	(40,000,000)	-
George Stuart & Co. Ltd.	Affiliate	10%	-	107,000,000	(37,249,315)	<b>69,750,685</b>
			<b>40,000,000</b>	<b>107,000,000</b>	<b>(77,249,315)</b>	<b>69,750,685</b>

	2015 Rs.	2014 Rs.
Current	<b>69,750,685</b>	40,000,000
	<b>69,750,685</b>	40,000,000

	Relationship	Rate of Interest %	Balance As at 01.04.2014 Rs.	Loans Obtained Rs.	Repayments/ Settled Rs.	Balance As at 31.03.2015 Rs.
<b>Related Party Loans - Company</b>						
George Stuart Finance PLC**	Affiliate	10%	-	17,000,000	(17,000,000)	-
			-	17,000,000	(17,000,000)	-

\*\* George Stuart Finance PLC ceased to be a related party from 24 September 2014

Year ended 31 March 2015

18.3 Details of securities offered are disclosed in Note 27.

	As at 01.04.2014	New Lease Obtained	Repayment	As at 31.03.2015
	Rs.	Rs.	Rs.	Rs.
<b>18.4 Finance Lease</b>				
Group				
George Steuart Finance PLC	17,357,940	-	(8,348,505)	10,009,435
National Development Bank PLC	1,930,573	-	(724,800)	1,205,773
Gross Liability	19,287,513	-	(8,072,305)	11,215,208
Finance Charges Allocated to Future Periods	(5,537,395)	-	3,504,543	(2,032,852)
Net Liability	13,750,118	-	(4,567,762)	9,182,356

#### 18.5 Fair Values - Group

The following methods and assumptions were used to estimate the fair values:

Cash and short term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Fair value of quoted investments designated as available for sale and fair value through profit or loss is derived from quoted market price of Colombo stock Exchange as at each reporting date.

## Notes to the Financial Statements

Year ended 31 March 2015

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>19. TRADE AND OTHER RECEIVABLES</b>				
Trade Debtors	204,010,740	98,707,095	-	-
Less - Impairment made from Trade Debtors	-	(200,000)	-	-
	<b>204,010,740</b>	<b>98,507,095</b>	<b>-</b>	<b>-</b>
Other Receivables - Related Parties (Note 19.3.1)	17,104,600	229,015	42,965,044	349,868,298
- Others	19,714,908	73,123,667	9,190,509	18,314,878
	<b>240,830,248</b>	<b>171,859,777</b>	<b>52,155,553</b>	<b>368,183,176</b>

### 19.2 Non-Current

Other Receivables from related parties (19.3.1)	-	-	407,328,161	-
<b>Total Trade and Other Receivables</b>	<b>240,830,248</b>	<b>171,859,777</b>	<b>459,483,715</b>	<b>368,183,176</b>

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

Group	Total Rs.	Neither past due or nor Impaired Rs.	Past due but not impaired				
			< 30 days Rs.	31 - 60 days Rs.	61 - 90 days Rs.	91 - 120 days Rs.	> 120 days Rs.
2015	204,010,740	125,234,463	40,425,357	14,912,888	4,479,115	18,958,917	-
2014	98,507,095	30,298,515	34,686,428	23,177,077	6,198,675	1,645,186	2,501,214

Year ended 31 March 2015

	Relationship	Group		Company			
		2015	2014	2015		2014	
		Rs.	Rs.	Current Rs.	Non Current Rs.	Current Rs.	Non Current Rs.
<b>19.3 Other Receivables - Related Parties</b>							
Waskaduwa Beach Resort PLC	Subsidiary	-	-	19,873,968	287,341,897	140,591,897	-
Hikkaduwa Beach Resort PLC	Subsidiary	-	-	4,282,185	4,707,297	-	-
Citrus Aqua Limited	Subsidiary	-	-	-	30,626	473,407	-
Citrus Vacation Limited	Subsidiary	-	-	4,315,406	-	28,545,453	-
Citrus Silver Limited	Subsidiary	-	-	2,154,068	3,099,474	99,474	-
Passikudah Beach Resort Limited	Subsidiary	-	-	35,615	112,148,867	180,148,867	-
Citrus Villas Limited	Subsidiary	-	-	9,201	-	9,201	-
Serene Pavilion (Pvt) Limited	Affiliate	17,104,600	229,015	12,294,600	-	-	-
		<b>17,104,600</b>	<b>229,015</b>	<b>42,965,044</b>	<b>407,328,161</b>	<b>349,868,298</b>	<b>-</b>

**Terms and Conditions of Non Current Related Party Receivables**

-Interest Rate - AWPLR+1.5% commencing from 01 April 2015

-Repayment Period - 120 Monthly Installments including 3 Years grace period from April 2015

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
<b>20. ADVANCES AND PREPAYMENTS</b>				
Advance paid to George Steuart Engineering (Pvt) Ltd	-	547,089,233	-	-
Other Advances and Prepayments	14,828,741	139,503,061	4,596,648	5,987,572
	<b>14,828,741</b>	<b>686,592,294</b>	<b>4,596,648</b>	<b>5,987,572</b>

## Notes to the Financial Statements

Year ended 31 March 2015

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>21. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT</b>				
Components of Cash and Cash Equivalents				
Favourable Cash and Cash Equivalent Balances				
Cash and Bank Balances	44,004,427	37,205,984	871,607	1,229,410
Unfavourable Cash and Cash Equivalent Balances				
Bank Overdraft	(1,301,749,042)	(955,862,925)	(248,072,255)	(22,990,782)
<b>Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement</b>	<b>(1,257,744,614)</b>	<b>(918,656,941)</b>	<b>(247,200,647)</b>	<b>(21,761,371)</b>

	2015		2014	
	Number	Rs.	Number	Rs.
<b>22. STATED CAPITAL</b>				
Fully paid Ordinary Shares	96,650,338	2,403,272,542	96,650,338	2,403,272,542

	2015	
	Number	Rs.
<b>23. REVALUATION RESERVE - GROUP</b>		
On Property, Plant and Equipment		
Surplus on Revaluation of Lands and Buildings		
On 01 April 2014		-
Revaluations during the Year		315,265,829
Deferred Tax effect on Revaluation		(19,525,461)
Non Controlling Interests		(46,202,359)
<b>Balance As at 31 March 2015</b>		<b>249,538,008</b>

The above revaluation surplus consist of net surplus resulting from the revaluation of Lands and Buildings of the Group. The unrealised amounts cannot be distributed to shareholders.

Year ended 31 March 2015

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>24. TRADE AND OTHER PAYABLES</b>				
<b>24.1 Current</b>				
Trade Payables	8,718,521	5,648,906	-	-
Other Payables	156,837,420	19,615,984		
Other Payables to Related Parties (Note 24.2)	-	-	263,546,181	512,089,376
Sundry Creditors including Accrued Expenses	87,327,012	189,190,235	2,053,652	15,406,799
Retention Payable	88,107,333	63,364,070	-	-
Advance Received for Leasehold Rights	-	-	1,792,930	1,792,930
	<b>340,990,285</b>	<b>277,819,195</b>	<b>267,392,763</b>	<b>529,289,105</b>

	Relationship	Company			
		2015		2014	
		Current Rs.	Non Current Rs.	Current Rs.	Non Current Rs.
<b>24.2 Other Payables to Related Parties</b>					
Kalpitiya Beach Resort PLC**	Subsidiary	238,930,196	-	329,030,688	-
Triad (Private) Limited	Affiliate	2,615,985	-	2,615,985	-
Citrus Aqua Limited	Subsidiary	-	126,593	-	-
Hikkaduwa Beach Resort PLC	Subsidiary	-	-	180,442,703	-
Citrus Vacation Limited	Subsidiary	-	16,454,547	-	-
Divasa Equity (Pvt) Limited	Affiliate	22,000,000	-	-	-
		<b>263,546,181</b>	<b>16,581,140</b>	<b>512,089,376</b>	<b>-</b>

\*\* Citrus Leisure PLC settled Rs. 208Mn out of Rs. 239Mn payable to Kalpitiya Beach Resort PLC post 31 March 2015.

## Notes to the Financial Statements

Year ended 31 March 2015

### 24.2 Other Payables to Related Parties (Contd.)

#### Terms and Conditions of Non Current Related Party Payables

-Interest Rate - AWPLR+1.5% commencing from 01 April 2015

-Repayment Period - 120 Monthly Installments including 3 Years grace period from April 2015.

	Company	
	2015 Rs.	2014 Rs.
<b>24.4 Advance Received for Leasehold Rights</b>		
Opening Balance	172,121,211	173,914,141
Charge to profit or loss	(1,792,930)	(1,792,930)
Closing Balance	170,328,281	172,121,211
Current	1,792,930	1,792,930
Non-Current	168,535,351	170,328,281
	170,328,281	172,121,211

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>25. RETIREMENT BENEFIT OBLIGATIONS GRATUITY</b>				
Balance as at 01 April	6,341,410	5,330,288	374,892	138,802
Current Service Cost	2,051,662	938,112	455,601	211,594
Interest Cost	634,141	567,478	37,489	13,880
Actuarial (Gain)/Loss	709,695	(29,723)	236,000	10,616
Payments made during the period	-	(464,745)	-	-
Balance as at 31 March	9,736,908	6,341,410	1,103,982	374,892

Year ended 31 March 2015

The defined benefit obligation of the Group is based on the Messers. Actuarial and Management Consultants (Private) Limited, actuaries. Appropriate and compatible assumptions were used in determining the cost of defined benefits.

The principle assumptions used were as follows,

Assumptions regarding the future mortality are based on a 67/70 mortality table, issued by the Institute of Actuaries, London.

	2015	2014
<b>25.1 Assumptions used</b>		
Discount Rate	10%	10%
Future Salary Increment Rate	9%	9%
Retirement Age	55	55

	Expected Future Salaries		Discount Rate	
	1% increase	1% decrease	1% increase	1% decrease
	Rs.	Rs.	Rs.	Rs.

**25.2 Sensitivity of the principal assumptions used - Group**

Change in Present value of Defined Benefit Obligation	459,928	(429,858)	(422,237)	459,646
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**26. LOSS 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.

	Group	
	2015	2014
	Rs.	Rs.
<b>Amounts used as the Numerator</b>		
Net Profit attributable to Equity Holders of the Parent for Basic Loss Per Share	(220,259,759)	(18,840,680)

## Notes to the Financial Statements

Year ended 31 March 2015

	2015 Number	2014 Number
<b>26. LOSS PER SHARE (Contd.)</b>		
<b>Number of Ordinary Shares Used as the Denominator</b>		
Weighted Average Number of Ordinary Shares in issue applicable to Basic Loss Per Share	96,650,338	85,150,970

### 27. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Security	Lender	Nature of Liability	Carrying Amount of the asset Pledged	
			2015 Rs.	2014 Rs.
Investment in Fixed Deposits of Citrus Leisure PLC	Pan Asia Bank Corporation PLC	Bank Overdraft	210 Mn	-
Land called "Passikudah Estate" situated in Passikudah belonging to Passikudah Beach Resorts Limited.	Commercial Bank of Ceylon PLC	200 Mn Loan Facility	317.5 Mn	-
Land and building of Waskaduwa Beach Resorts PLC in Waskaduwa.	Sampath Bank PLC	1048 Mn Loan Facility and 602 Mn Loan Facility	3219 Mn	419 Mn
Generator at Hikkaduwa Beach Resort PLC**	Sampath Bank PLC	08 Mn Loan Facility	8 Mn	9 Mn
Investment in Quoted Equity Shares of Colombo Land and Development Company PLC	Pan Asia Bank Corporation PLC	Bank Overdraft	1367 Mn	1335 Mn

\*\* Rs. 8 Mn Facility taken by Hikkaduwa Beach Resort PLC was settled in full after 31 March 2015.

Year ended 31 March 2015

## 28. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events which required adjustments or disclosure in these financial statements, subsequent to the reporting date except the following events:

Citrus Leisure PLC settled Rs. 208Mn out of Rs. 239Mn payable to Kalpitiya Beach Resort PLC post 31 March 2015.

Rs. 8 Mn Facility taken by Hikkaduwa Beach Resort PLC was settled in full after 31 March 2015 and the mortgaged property was released.

Waskaduwa Beach Resort PLC announced on 3 July 2015 a rights issue of one share for every two shares held by the shareholders in order to raise a total sum of Rs. 778,000,050.

Kalpitiya Beach Resort PLC was granted the approval by the shareholders to take step to develop and construct as first stage, a sixty rooms Ayurveda and Spa Resort at the project side at Kalpitiya

Warrant 19 was expired on 31 May 2015 and 91 warrant were converted to Ordinary shares at the rate of Rs. 40 per share totalling to Rs. 3,640 after 31 March 2015.

## 29. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

### Transaction with the parent and related entities

Nature of Transaction	Subsidiaries*		Other Related Parties		Total	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>As at 1 April</b>	<b>(162,221,078)</b>	<b>(171,133,156)</b>	<b>(2,615,985)</b>	<b>(2,615,985)</b>	<b>(164,837,063)</b>	<b>(173,749,141)</b>
Fund Transfer from	(383,215,237)	(338,727,480)	-	-	(383,215,237)	(338,727,480)
Fund Transfer to	739,466,609	339,219,075	-	-	737,466,609	339,219,075
Expenses incurred	(7,095,701)	24,344,121	-	-	(7,095,701)	24,344,121
Services Received/ Rendered	18,191,689	(18,867,009)	-	-	18,191,689	(18,867,009)
Transfer of Assets	(255,000)	2,943,371	-	-	(255,000)	2,943,371
Stated Capital Contribution	(25,000,000)	-	-	-	(25,000,000)	-
<b>As at 31 March</b>	<b>179,871,281</b>	<b>(162,221,078)</b>	<b>(2,615,985)</b>	<b>(2,615,985)</b>	<b>200,255,297</b>	<b>(164,837,063)</b>
<b>Included in</b>						
Trade and Other Receivables	433,652,571	349,868,298	-	-	433,652,571	349,868,298
Trade and Other Payables	(253,781,290)	(512,089,376)	(2,615,985)	(2,615,985)	(256,397,275)	(514,705,361)
	<b>179,871,281</b>	<b>(162,221,078)</b>	<b>(2,615,985)</b>	<b>(2,615,985)</b>	<b>177,255,296</b>	<b>(164,837,063)</b>

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## Notes to the Financial Statements

Year ended 31 March 2015

\* The transactions with Waskaduwa Beach Resorts PLC , Kalpitiya Beach Resort PLC, Hikkaduwa Beach Resort Limited, Citrus Aqua Limited, Citrus Vacation Limited, Citrus Silver Limited and Passikudah Beach Resorts Limited are included here.

### 29.1 Transactions with Key Management Personnel of the Company and its Parent

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

a) Key Management Personnel Compensation	2015 Rs.	2014 Rs.
Short-term employee benefits		
Expenses Incurred on behalf of the KMP's	5,295,000	5,352,000
	5,295,000	5,352,000
Amounts outstanding in respect of Key Management Personnel		
- Recoverable by the Company		

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 30.1 Risk management framework

The Group's principal financial liabilities comprise Interest Bearing loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds investments designated under fair value through profit or loss.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

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

Year ended 31 March 2015

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

**Interest rate risk**

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

The Group's interest rate are stated in Note 18 in these financial statements.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/ Decrease in basis points	Effect on profit before tax
2015	+50	(9,909,473)
	-50	9,437,593
2014	+50	(5,110,493)
	-50	4,867,136

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## Notes to the Financial Statements

Year ended 31 March 2015

### **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the borrowings.

### **Equity price risk**

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

### **Credit risk**

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

### **Liquidity risk**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans, and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

## Five Year Summary

		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
		Group	Group	Group	Group	Group
<b>TRADING RESULTS</b>						
Turnover and Other Income	Rs.'000s	108,274	245,657	255,286	316,815	930,859
Profit/(Loss) before Tax	Rs.'000s	20,447	3,571	(93,546)	(49,448)	(390,475)
Income Tax (Expense) / Reversal	Rs.'000s	(5,960)	-	(9,030)	(5,102)	(3,912)
Net Profit/ (Loss)	Rs.'000s	14,487	3,458	(102,576)	(54,550)	(394,386)
<b>ASSETS</b>						
Non-Current Assets	Rs.'000s	1,125,540	3,192,399	3,484,949	5,515,016	6,958,852
Current Assets	Rs.'000s	2,226,612	1,155,098	1,750,710	1,288,342	569,680
Total Assets		3,352,152	4,347,497	5,235,659	6,803,358	7,528,532
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and Reserves</b>						
Stated Capital	Rs.'000s	932,178	1,866,571	2,403,273	2,403,273	2,403,273
Revaluation Reserve	Rs.'000s	274,246	-	-	-	233,229
Revenue Reserve	Rs.'000s	231,141	521,445	454,945	436,131	211,646
Non-Controlling Interest	Rs.'000s	903,670	1,228,082	1,235,557	1,199,526	1,088,003
Total Equity		2,341,235	3,616,098	4,093,775	4,038,930	3,936,151
<b>Non-Current Liabilities</b>						
Interest Bearing Borrowings	Rs.'000s	6,718	15,206	15,244	1,203,404	1,630,612
Differed Tax Liabilities	Rs.'000s	19,172	3,550	-	-	9,784
Provisions for Liabilities and Charges	Rs.'000s	3,227	4,018	5,330	6,341	9,737
		29,117	22,774	20,574	1,209,745	1,650,133
<b>Current Liabilities</b>						
Current Liabilities	Rs.'000s	981,800	708,626	1,121,309	1,554,683	1,598,960
Total Liabilities		1,010,917	731,400	1,141,883	2,764,428	3,249,093
Total Equity and Liabilities		3,352,152	4,347,498	5,235,658	6,803,358	7,528,532
<b>VALUE TO SHAREHOLDERS</b>						
Earnings/(Loss) per Share - Basic	Rs.	0.46	(0.15)	(0.55)	(0.22)	(2.28)
Earnings/(Loss) per Share - Diluted	Rs.	0.15	(0.09)	(0.55)	(0.22)	(2.28)
Net Asset per Share	Rs.	49.61	30.87	29.57	29.38	29.47
Debt to Equity Ratio	Times	0.40	0.01	0.39	0.30	0.41
Current Ratio	Times	2.27	1.63	1.56	0.83	0.29
Quick Asset Ratio	Times	2.27	1.62	1.56	0.83	0.29
Interest Cover	Times	0.37	1.03	0.43	1.00	0.40

## Statement of Value Added

	2014/15		2013/14	
<b>Turnover</b>	1,090,141,572		380,374,011	
Other Income/(Loss)	21,557,138		12,106,888	
	1,111,698,710		392,480,899	
Less: Cost of Material & Services bought in	(464,163,170)		(76,629,920)	
	647,535,540		315,850,979	
<b>Value Allocated to Employees</b>				
Salaries & Wages and other benefits	151,696,013	24%	71,352,799	23%
<b>To Government</b>				
VAT, NBT & Other Taxes	107,117,597	17%	64,112,720	20%
<b>To Providers of Capital</b>				
Loan Interest & Dividend	281,398,407	44%	133,586,803	42%
<b>To Expansion &amp; Growth</b>				
Depreciation & Retained in Business	94,956,784	15%	46,798,657	15%
	635,168,802	100%	315,850,979	100%

2015 -2014



Salaries & Wages and other benefits  
 VAT, NBT & Other Taxes  
 Loan Interest & Dividend  
 Depreciation & Retained in Business



## Share Information

### Ordinary Shareholders

There were 3,546 registered shareholders as at 31st March 2015, distributed as follows.

#### Shareholders Categorized Summary Report – As At 31st March 2015

From	To	No of Shares	No of Shares	%
1	1,000	2,343	628,248	0.65
1,001	10,000	917	3,251,380	3.36
10,001	100,000	237	7,173,636	7.43
100,001	1,000,000	37	9,886,352	10.23
Over 1,000,000		12	75,710,720	78.33
<b>Total</b>		<b>3,546</b>	<b>96,650,336</b>	<b>100.00</b>

#### Categories of Share Holders

Category Shareholders	No of Shares	No of Shares	%
Local Individuals	3,345	22,411,378	23.19
Local Institutions	175	73,722,307	76.28
Foreign Individuals	21	113,956	0.12
Foreign Institutions	5	402,695	0.42
<b>Total</b>	<b>3,546</b>	<b>96,650,336</b>	<b>100.00</b>

The percentage of issued shares held by the public as at 31st March 2015 was 58.79%

### Share prices for the year

	As at 31.3.2015	As at 31.3.2014
Market price per share		
Highest during the year	Rs.22.00 (05.09.2014)	Rs.27.50 (10.05.2013)
Lowest during the year	Rs.12.70 (31.03.2015)	Rs.13.50 (12.09.2013)
<b>As at end of the year</b>	<b>Rs.12.70</b>	<b>Rs.16.40</b>

## Warrant Information

### Warrants – 2015 (W-19)

There were 2,021 registered warrant holders as at 31st March 2015, distributed as follows.

#### Warrant Holders Categorized Summary Report – As At 31st March 2015

From	To	No of Shares	No of Shares	%
1	1,000	1,069	393,938	0.63
1,001	10,000	605	2,366,881	3.76
10,001	100,000	266	9,523,174	15.14
100,001	1,000,000	75	23,737,417	37.72
Over 1,000,000		6	26,901,194	42.75
<b>Total</b>		<b>2,021</b>	<b>62,922,604</b>	<b>100.00</b>

#### Categories of Warrant Holders

Category Shareholders	No of Shares	No of Warrants	%
Local Individuals	1,938	33,216,478	52.79
Local Institutions	76	29,280,865	46.53
Foreign Individuals	7	425,261	0.68
Foreign Institutions	0	0	0.00
<b>Total</b>	<b>2,021</b>	<b>62,922,604</b>	<b>100.00</b>

Warrant 19 was expired on 31 May 2015 and 91 warrants were converted to Ordinary shares at the rate of Rs. 40 per share totalling to Rs. 3,640 after 31 March 2015.

## 20 Major Shareholders of the Company

					Annex B
	NAME	NO OF SHARES	(%)	NO OF SHARES	(%)
		AS AT 31ST MARCH 2015		AS AT 31ST MARCH 2014	
1	PAN ASIA BANKING CORPORATION PLC / GEORGE STEUART & COMPANY LIMITED	25,655,500	26.54	-	-
2	PAN ASIA BANKING CORPORATION PLC / DIVASA EQUITY (PVT) LTD	8,677,070	8.97	34,332,570	35.52
3	VALLIBEL ONE PLC	8,672,810	8.97	7,727,589	8.00
4	SEYLAN BANK PLC / GEORGE STEUART ENGINEERING (PVT) LTD	8,389,400	8.68	8,389,400	8.68
5	SEYLAN BANK PLC/CAPITAL TRUST HOLDINGS (PVT) LTD	7,158,031	7.40	3,962,945	4.10
6	MR A S R SILVA	7,063,819	7.30	-	-
	PAN ASIA BANKING CORPORATION PLC/Mr A S R Silva	-	-	7,042,868	7.29
7	ROYAL CERAMICS LANKA PLC	2,768,276	2.86	2,768,276	2.86
8	GEORGE STEUART & CO LTD A/C NO 01	1,846,000	1.91	1,305,000	1.35
9	CORONA T STORES (PRIVATE) LIMITED	1,585,331	1.64	1,585,331	1.64
10	LAUGFS GAS LIMITED	1,500,000	1.55	1,500,000	1.55
11	MR C N SAMARATHUNGA / MRS W M BOTHEJU	1,263,428	1.30	1,263,428	1.30
12	SEYLAN BANK PLC / JAYANTHA DEWAGE	1,131,055	1.17	1,131,055	1.17
13	DIVASA EQUITY (PVT) LTD	909,518	0.94	909,518	0.94
14	PAN ASIA BANKING CORPORATION PLC./MR.RAVINDRA ERLE RAMBUKWELLE	696,900	0.72	650,000	0.67
15	MRS W M BOTHEJU	568,300	0.58	568,300	0.58
16	MR T G THORADENIYA	562,985	0.58	562,985	0.58
17	MRS K M GOONEWARDENE	486,519	0.50	486,519	0.50
18	ADMIRAL W K J KARANNAGODA	472,640	0.48	472,640	0.48
19	MRS N H ABDUL HUSEIN	449,000	0.46	122,000	0.12
20	PAN ASIA BANKING CORPORATION PLC/M S F HAQQUE	423,076	0.43	423,076	0.43
	M S F HAQQUE	-	-	686,290	0.71
		80,279,658	83.07	75,889,790	78.52
	<b>OTHERS</b>	16,370,678	16.93	20,760,546	21.48
	<b>TOTAL</b>	96,650,336	100.00	96,650,336	100.00

## 20 Major Warrant Holders of the Company

					Annex C
NAME	NO OF SHARES AS AT 31ST MARCH 2015	(%)	NO OF SHARES AS AT 31ST MARCH 2014	(%)	
1 PAN ASIA BANKING CORPORATION PLC /DIVASA EQUITY (PVT) LTD	18,364,740	29.18	18,364,740	29.18	
2 SEYLAN BANK PLC / THARANA GANGUL THORADENIYA	3,575,718	5.68	3,575,718	5.68	
3 MR R SERASINGHE	1,350,000	2.14	657,214	1.04	
4 CORONA T STORES (PRIVATE) LIMITED	1,316,708	2.09	1,316,708	2.09	
5 MR W M L THISERA	1,169,000	1.85	-	-	
6 MR W G T DISALA	1,125,028	1.78	2,000,000	3.17	
7 MR P R D P PERERA	1,000,000	1.58	-	-	
8 SEYLAN BANK PLC/GEORGE STEUART ENGINEERING (PVT) LTD	1,000,000	1.58	1,000,000	1.58	
9 MR R E RAMBUKWELLE	925,000	1.47	393,900	0.62	
10 MR J K B P JAYAWARDANA	840,000	1.33	-	-	
11 MR T R WEERASENA	763,504	1.21	-	-	
12 MR S R FERNANDO	708,798	1.12	403,161	0.64	
13 PAN ASIA BANKING CORPORATION PLC /MR RAVINDRA ERLE RAMBUKWELLA	693,900	1.10	750,000	1.19	
14 MR S M V S B SAMARAKOON	652,000	1.03	-	-	
15 MR P L S ARIYANANDA	610,750	0.97	90,000	0.14	
16 MR A R RANAWEEERA KALUARACHCHIGE	600,000	0.95	-	-	
17 MRS K M GOONEWARDENE	566,100	0.90	566,100	0.90	
18 MISS M A L G MUDANNAYAKE	551,100	0.87	316,700	0.50	
19 MR T G THORADENIYA	516,536	0.82	516,536	0.82	
20 PAN ASIA BANKING CORPORATION PLC/MR S GOBINATH	500,000	0.79	500,000	0.79	
	<b>36,828,882</b>	<b>58.54</b>	<b>30,450,777</b>	<b>48.40</b>	
<b>OTHERS</b>	<b>26,093,722</b>	<b>41.46</b>	<b>32,471,827</b>	<b>51.60</b>	
<b>TOTAL</b>	<b>62,922,604</b>	<b>100.00</b>	<b>62,922,604</b>	<b>100.00</b>	

## Directors' and CEOs' Shareholding

				Annex D	
		No of Shares as at 31.03.2015	%	No of Shares as at 31.03.2014	%
1	Mr Rajinda Seneviratne - Shares held in the following manner Mr. Rajinda G Seneviratne - 248,665 Mr. Rajinda G Seneviratne & Amitha Seneviratne - 175,100 Ms Keshini K K Goonathileke Seneviratne & Mr Rajinda G Seneviratne - 5,900	429,665	0.44	429,665	0.44
2	Mr. S. D. De Mel	100,000	0.10	100,000	0.10
3	Mr. D. S. Jayaweera	30,240	0.03	30,240	0.03
4	Mrs. V. S. F. Amunugama	30,240	0.03	30,240	0.03
5	Mr. E. P. A. Cooray	11,500	0.01	11,500	0.01
6	Mr. J. M. B. Pilimatalawwe	-	-	-	-
7	Mr. P. C. B. Talwatte	-	-	-	-
8	Mr. P. V. S. Premawardhana	-	-	-	-
9	Mr S. A. Ameresekere	-	-	-	-

\* The fractional shares of 14 issued jointly in the names of Messrs E P A Cooray and D S Jayaweera

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# Notice of Annual General Meeting


CITRUS LEISURE PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of Citrus Leisure PLC will be held at Sri Sambuddha Jayanthi Mandiraya, 6th Floor Auditorium, No. 32, Sri Sambuddha Jayanthi Mawatha, Colombo 05, on 30th September 2015 at 9.00 am 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 Financial Statements for the year ended 31st March 2015 and the Report of the Auditors thereon.
2. To re-elect Mr. E. P. A Cooray, 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. D. S. Jayaweera, 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. R. Seneviratne, who retires by rotation in terms of Article 84 of the Articles of Association as a Director of the Company.
5. To re-appoint M/s Ernst & Young, as Auditors of the Company for the ensuring year and to authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine and make donations to Charities.

By order of the Board of  
**Citrus Leisure PLC**



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

Colombo  
28 August 2015

**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. A Proxy may vote on a poll (and join in demanding a poll) but not on a show of hands.
- ii) A Form of Proxy is enclosed in this Report
- iii) The completed form of proxy to be sent to the Office of the Secretaries; 3/17, Kynsey Road, Colombo 8 not later than 48 hours before the meeting.



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## Notes

A series of horizontal dotted lines for taking notes.

## Form of Proxy

\*I/We .....of  
..... being

\*a Shareholder / Shareholders of Citrus Leisure PLC, do hereby appoint .....  
..... of .....or failing \*him/her

Mr. E. P. A. Cooray	or failing him*
Mr. D. S. Jayaweera	or failing him*
Mr. R. Seneviratne	or failing him*
Ms. V. S. F. Amunugama	or failing her*
Mr. J. M. B. Pilimalawwe	or failing him*
Mr. S. D. De Mel	or failing him*
Mr. P. C. B. Talwatte	or failing him
Mr. P. V. S. Premawardhana	or failing him
Mr. S. A. Ameresekere	

as \*my/our proxy to represent, speak and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Sri Sambodhi Jayanthie Mandiraya, 6th Floor Auditorium, No. 32, Sri Sambodhi Jayanthie Mawatha, Colombo 05, on 30th September 2015 at 9.00 am and any adjournment thereof and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
i) To receive and consider the Report of the Directors, the Statement of Accounts for the year ended 31st March 2015, with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
ii) To re-elect Mr. E. P. A. Cooray, 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"/>
iii) To re-elect Mr. D. S. Jayaweera, 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"/>
iv) To re-elect Mr. R. Seneviratne, 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"/>
v) To re-appoint M/s Ernst & Young, as Auditors of the Company for the ensuring year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
vi) To authorize the Directors, to determine and make donations to Charities	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2015

### Signature

### Notice\*

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

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### 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 to be sent to the Office of the Secretaries; 3/17, Kynsey Road, Colombo 8 not later than 48 hours before the meeting.

# CORPORATE INFORMATION

## Name of Company

Citrus Leisure PLC  
PQ 211

## Legal Form

Public Quoted Company with limited liability  
Incorporated in Sri Lanka.

## Stock Exchange Listing

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

## Registered Office

No. 7/5, Gregory's Road, Colombo 7.  
Telephone: 0115755055  
Fax : 0115470000  
E-mail : [direct@citrusleisure.com](mailto:direct@citrusleisure.com)  
Website : [www.citrusleisure.com](http://www.citrusleisure.com)

## Board of Directors

Mr. E. P. A. Cooray (Chairman)  
Mr. D. S. Jayaweera  
Ms. V. S. F. Amunugama  
Mr. S. A. Ameresekere  
Mr. P. C. B. Talwatte  
Mr. P. V. S. Premawardhene  
Mr. R. Seneviratne  
Mr. J. M. B. Pilimatalawwe  
Mr. S. D. De Mel

## Director/ CEO

Mr.Chandana Talwatte

## Director Operations

Mr. Hemantha Ratnayake

## Director Sales & Marketing

Mr. Mani Sugathapala

## 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

Sampath Bank PLC  
Bank of Ceylon  
Pan Asia Bank PLC  
Commercial Bank of Ceylon PLC  
Hatton National Bank PLC  
Nations Trust Bank PLC

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