



citrus

C i t r u s L e i s u r e P L C

Annual Report 2022/23

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Chairman's Review

I am pleased to place before you the Annual Report and Audited Financial Statements of Citrus Leisure PLC for the Financial Year 2022/23. During this period, the entire country underwent unprecedented turmoil across its socio-economic and political landscape. The situation deteriorated rapidly following credit rating downgrades, severe forex liquidity crisis and external debt service suspension in April 2022. Shortages of fuel, medicines, cooking gas and social unrest snowballed into a volatile environment, adding to the extreme stress on lives and livelihoods. Unfortunately, while Sri Lanka was mired in crisis, international tourism was showing a robust performance, with arrivals reaching 63% of pre-pandemic levels in the first nine months of 2022, and Sri Lanka lost out on gaining first-mover status ahead of this global recovery. The rapid and sustained recovery of international travel in 2022 benefited Sri Lanka favourably only from October 2022 onwards when the economic situation eased post its bailout appeal being approved by the International Monetary Fund.

The Easter Blasts of 2019 and the pandemic in 2020 and 2021 had brought the Sri Lankan tourism industry to its knees - and the industry struggled further with the hit caused by the economic crisis. While the tourism industry has repeatedly demonstrated its resilience amidst adversity and survived various political crises in the years gone by, it is the destination of Sri Lanka that first needs to be sold before tourism industry stakeholders can market their properties. Images of a struggling nation beamed across the world are not conducive to promoting the island as a must-visit destination. Perception management and a strong public relations strategy are pre-requisites to maintaining the brand equity of a country in the consciousness of tour operators and tourists.

Unfortunately, as follows a period of downturn in the industry, there is an unbridled trend to woo numbers, thereby prioritising quantity over quality. I believe this approach takes the tourism industry down the same beaten road it has taken repeatedly in times of crises. Unfortunately, doing the same thing over and over again will not produce new results. Chasing volume markets may be the default action in times like this, but I believe this period also provides the opportunity to change tack and display our inherent qualities of innovation and entrepreneurship by targeting the high-end tourist segment first. Unfortunately, the economic and political environment in Europe and the impact of the Russia-Ukraine war has challenged what was traditionally the main source market for Sri Lanka. Instead, there is a rise in tourism from Asia, which has overtaken European markets. However, the average expenditure per tourist from these markets remains low. As much as tourism receipts are important to the nation to boost forex earnings, the destination also needs a strategy to regain high-end tourists from Europe once again.

While it is important to penetrate new markets, how long they will sustain is to be seen. On the other hand, traditional European markets have generated valuable earnings for the island for decades now. Large European tour operators are distinctly absent from the Sri Lankan market due to the advent of online booking engines as opposed to the trend for charter tourism which formed a large proportion of tourism revenues for Sri Lanka over the years regardless of the economic and political climate.

I support the regulator's call for elevating room tariffs because it sends a message to the world that we are not a cheap destination. Whether we can stand our ground in the face of economic adversity is to be seen.

Chairman's Review

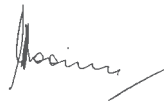
Looking ahead at the wellbeing and sustainability of the sector that generates direct and indirect employment to many, it is critical for tourism decision-making bodies to be led by experienced professionals who understand tourism and possess a long term vision for the industry. Sri Lanka should waste no time in coming up with innovations to carve out a distinctive niche by targeting quality over quantity. Sri Lanka has a product that can be quickly elevated towards the higher end and to be among the top five destinations in the world. However, this can only come about with a focused strategy that requires upgrading of products, services and communication.

As for the leisure sector, we need to create exclusive and unique properties that stand out for their unique value proposition rather than cookie cutter versions. For tourism to thrive we also need supporting factors such as a vibrant nightlife, recreation, restaurants and so on to make the destination more attractive. Essentially, Sri Lanka has to keep evolving and adding more value to the tourist experience. For the moment, before this wish-list is fulfilled, stakeholders should integrate their products with existing infrastructure to make the most of the situation.

The prospects ahead for international tourism are robust as tourist traffic reached 80% of pre-pandemic levels in the first quarter of 2023. In many places, we are close to or even above pre-pandemic levels of arrivals. This is good news for Sri Lanka's tourism sector and we should forge ahead with a master plan for bringing in quality business over numbers while remaining mindful of challenges emanating from geopolitical insecurity and rising demand for ethical and responsible tourism.

Appreciation

I wish to extend my gratitude to my Fellow Directors for their support in a challenging year. The CEO and the entire team have contributed immensely towards steering the company to higher ground amidst the economic crisis. On behalf of the Board, I thank all our shareholders, guests and other stakeholders. I look forward to a more robust tourism industry in the year ahead.



E P A Cooray
Chairman

31 August 2023
Colombo

Review of the CEO

The Citrus Group of Hotels displayed fortitude amidst the enormous adversity witnessed during a year beset with an economic crisis of unprecedented proportions along with severe social and political turmoil. These negative factors made it difficult for the tourism sector to recover in a strong manner after a three-year protracted period of unfavourable conditions, although the sector as a whole performed better than it did in 2021. Despite the changes faced in 2022/23, the prospects for the sector seem more positive as tourist inflows have been steadily increasing since.

Performance Review

The Citrus Group of Hotels, despite having unique properties in scenic strategic locations in Sri Lanka, offering exceptional recreation, cuisine and service levels, was unable to achieve its ambitious profitability targets as the economic crisis progressively worsened during the year. The Group Company recorded revenue of Rs. 1,625 Mn in the financial year under review. Citrus Hikkaduwa reported total occupancy levels of 61% while Citrus Waskaduwa and Citrus Silver reported occupancy levels of 43% and 53% respectively. The sharp rise in interest rates up to 28% impacted the company and hampered smooth operations. Food, fuel and energy costs rose and the newly-imposed, increased VAT and SSCL taxes placed an additional financial burden.

The initial upsurge in tourists between January-March 2023 cooled off in April once social unrest, political instability and economic turmoil set in. Shortages of fuel, food and cooking gas dried up tourist footfalls in the country. However, apart from the few days of fuel and food shortages, the tourism industry had adequate stocks of essential items.

Unfortunately, this was not communicated in an appropriate manner to source markets in time to continue to attract tourists. Nevertheless, an influx of Russian tourists helped sustain leisure properties in some areas of the country. As a result of its popular value proposition, the Citrus properties were able to attract a fair share of local tourists through the crisis period, which helped tremendously.

The Group continued to embark on a series of promotions and incentives for the local market and leveraged on Citrus Waskaduwa's proximity to Colombo by attracting corporates to hold their official events at the property. The Citrus Hikkaduwa property recorded a higher demand since Hikkaduwa is a popular destination. The Steuart, Colombo, continued to be a preferred destination for Colombo's business elite. Although there was a lull period during the protests in the area, business travellers picked up in the last quarter of financial year. International and local partners, financial institutions, and tourism authorities were a major source of support during the challenging period. Overall, Citrus has created a forceful brand and is recognized by all stakeholders.

Talent Migration

In a fall-out of the economic crisis, Sri Lanka experienced a sustained brain drain across all sectors. The tourism industry too was not spared and saw an outflow of skilled and unskilled workers migrating abroad for greener pastures. In the tourism industry in particular, lower occupancy translates into lower service charge earnings which discourage staff from continuing in the industry.

Review of the CEO

Staff training was an ongoing endeavour at our properties. The loss of skilled hospitality professionals is a loss to the industry as it takes years to build fresh recruits to those skills levels. While fresh talent can be trained, it takes some time for them to become proficient. If this trend continues, it could impact the industry severely. There is an urgent need to promote the hospitality and leisure industry in the school curriculum so that students will also consider this a viable career option, which is vital to maintain a pipeline of youthful talent for the future of the industry.

Before 2019, tourism was the second-largest foreign exchange-earner for Sri Lanka and can easily regain and even surpass this distinction as it is the easiest industry to earn dollar-incomes if the right conditions are maintained. The potential of Sri Lanka as a tourist destination has barely been scratched and much more can be done to realise its true potential.

Community Engagement

The Citrus Group engages closely with surrounding communities. As part of our Corporate Social Responsibility (CSR), we train youth in close proximity to our properties to promote the industry and to offer them with viable career options. We show them around our properties to give them an idea of what a job in hospitality entails and offer basic training for them to gauge if they would like to pursue a career with us. Moreover, we were one of the few chains that did not retrench any staff and neither did we effect salary cuts. The Group supported staff with food packets and dry rations during the economic crisis. In order to keep staff

morale high, special events were held including a day for staff to bring family members and a sports day along with other employee engagement activities.

Way Forward

The tourism authorities have reduced the tourist arrival target to 1.5 million in 2023 from 2 million. March 2023 recorded 112,991 tourists for the first time since 2019 that more than 100,000 tourists were recorded for a third consecutive month. The authorities have identified nine key markets to draw high-spending travellers by conducting campaign in those markets to reach the set targets of 2023, China, the UK, France, Germany, the Middle East, Nordic countries and Australia are the key focused markets.

While we are hopeful that these nine markets generate envisaged footfalls, a global marketing and public relations blitz is vital to promote the destination so that major investors in the sector are able to earn profits commensurate with the value of their investments. A Strategic Plan for Sri Lanka Tourism 2022-2025 was announced in April 2022, identifying issues, opportunities and actions proposed, in order to set an agenda for the recovery and future resilience of the tourism sector. In support of easing the arrival procedure, Sri Lanka resumed the visa-on-arrival facility for international travellers in January 2022 for most countries. Sri Lanka was accredited as 'One of the world's safest countries to travel' by Worldpackers; 'Best destinations to travel in 2023' by Independent Magazine-UK; and recognised among the 'Top 20 places to travel' by Readers' Choice awards by Condé Nast Traveller during 2022.

The Citrus Group is remaining upbeat and positive about a strong tourism recovery and we have already lined up exciting projects which we hope to share in the coming months. The Group is also strengthening its presence in online booking engines while working with key tour operators in source markets. The Group is receiving strong enquiries for the winter season starting from November from traditional European markets.

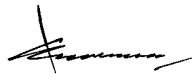
We are also hopeful that with the improvement in market conditions, we are able to raise our tariffs to earn higher margins by attracting upper middle to the high-end tourist segment. The political leadership has also urged the industry to target high-end tourists and we hope this comes to fruition. With global tourism forging ahead strong to pre-pandemic numbers, Sri Lanka has a strong opportunity to corner a significant portion of global tourism, and the Citrus Group of Hotels is poised to leverage its excellent offerings to play a key role in the forthcoming tourism revival.

Acknowledgements

I would like to thank the Chairman and the board for their wise counsel through challenging times. Even though the year was difficult, we remained resilient as our staff displayed immense dedication to keep serving guests seamlessly to uphold our hallmark service levels. I am grateful to the entire team for their hard work and tireless efforts to help steer the company to safety.

Our valued banking and financial service partners were our pillars of support, accommodating our requests and collaborating closely with us through the year. I thank our other business partners and international and local travel agents for placing their confidence in us to look after their clients with the greatest of care. I would like to particularly thank all our Sri Lankan guests who patronised our properties through this crisis. We appreciate their encouragement and will continue to dedicate special promotions for them. We are also grateful to our shareholders for their unwavering support.

Armed with so much goodwill and support, the Citrus Group of Hotels looks forward to a much better performance in the coming months.



P C B Talwatte
Chief Executive Officer

31 August 2023
Colombo

Board of Directors

Mr. Prema Cooray

Mr. Prema Cooray, the immediate Past Chairman of Aitken Spence PLC counts well over 40 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 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. Prema Cooray was awarded the "Legend of Tourism" by the Ministry of Tourism in 2011. He is the Past President of the Tourist Hotels Association of Sri Lanka (1998-2000) and was the Chairman of the Sri Lanka Convention Bureau (2007-2009 & 2015-2017). He also served as the Secretary-General/ CEO of the Ceylon Chamber of Commerce (2003- 2008).

He chairs a rainforest initiative in Sinharaja partnered by the private sector which benchmarks the best practices of Eco Tourism development in Sri Lanka. He is also a director of Fort Hotels Group representing three hotels and also of Lighthouse Hotel PLC.

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.

Mr. Dilith Jayaweera

Mr. Dilith Susantha Jayaweera is a Sri Lankan corporate leader with over three decades of experience building businesses that have grown to enjoy industry leadership.

He is the Group Chairman of George Steuart & Co., Sri Lanka's oldest mercantile establishment in which he took a controlling interest in 2011. He also sits on the Boards of Citrus Leisure PLC and Colombo Land and Development Company PLC, which are listed on the Colombo Stock Exchange.

He first rose to prominence in the advertising industry by co-founding Triad (Pvt) Ltd., in 1993. Triad is Sri Lanka's largest and most awarded communications entity today and is the single largest indigenous provider of brand building, advertising, and creative services through its extensive diversification into many related services.

Mr. Jayaweera is the Chairman of Powerhouse (Pvt) Ltd., the holding company of Derana, Sri Lanka's preeminent media offering with a wide presence across multiple platforms. He also established Liberty Publishers (Pvt) Limited, which is the publisher of three national broadsheets – "Aruna", "The Morning" and "Thamilan"

Mr. Jayaweera holds an LLB from the University of Colombo and an MBA from the University of Wales, and is an Attorney at Law.

Ms. Varuni Amunugama Fernando

Ms. Varuni Amunugama is the co-founder of Triad, the largest and most awarded Sri Lankan communication powerhouse extensively diversified to offer integrated communication solutions. She also serves as a Director in many companies including Powerhouse (Pvt) Ltd., the holding company of Sri Lanka's premium entertainment offering, TV Derana and FM Derana.

She is also a Director of George Steuart Group, which is the oldest corporate house and one of the largest conglomerates in Sri Lanka, diversified into almost every industry.

Her stamp on corporate Sri Lanka is accentuated by her belief that 'Sri Lanka Can', which has been the driving principle behind the Group's ventures.

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

Mr. Sarva Ameresekere

Qualified in both business and engineering, Sarva Ameresekere has extensive local and foreign exposure in diverse areas of business.

Sarva Ameresekere is the Group Executive Director of George Steuart & Company Ltd., Sri Lanka's oldest business entity established in 1835. He plays a pivotal role in the management and strategic planning of the Group's diversified sectors including tea exports, healthcare, FMCG, financial services, industrial solutions and travel & leisure. Accordingly, he holds several key positions within the group including directorships of all of its listed entities

- Citrus Leisure PLC and its subsidiaries, Colombo Land and Development Company PLC, and HVA Foods PLC.

Mr. Ameresekere also serves as the Director / CEO of Triad (Pvt) Ltd, one of Sri Lanka's leading creative communication entities. The Triad group integrates a cluster of companies specialised in a plethora of communication disciplines, thereby offering clients an unmatched holistic and synchronised communication solution.

He holds a master's degree in Engineering Management from the University of Southern California, Los Angeles and a bachelor's degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

Mr. Chandana Talwatte

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

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

Board of Directors

Following the Asian tsunami of 2004, Mr. Talwatte was seconded to serve the Government of Sri Lanka as Director Task Force for “Rebuilding the Nation” overseeing the funding pledged by international donors. He is also a member of the Board of Directors of Sri Lanka Tourism Promotion Bureau, corporate member of the TASL and Colombo city restaurant collective.

Mr. Rajinda Seneviratne

Mr. Rajinda Seneviratne's family established Reefcomber Hotel in Hikkaduwa in the 1980s which is currently known as Citrus Hikkaduwa Hotel. 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.

Mr. Manoj Pilimalawwe

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

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

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

University in U.K. and is a member of the British Computer Society (MBCS). He is also a Chartered Information Technology Professional (CITP) and has over 25 years corporate experience.

Mr. Suresh D. de Mel

Mr. Suresh D. de Mel is an Entrepreneur and Agricultural Engineer, graduate of CalPoly State University, San Luis Obispo, California, USA.

He worked as an Agricultural & Environmental Engineer in the USA for 10-years, while learning the sport of Fly Fishing and experiencing the US market for hand tied Fishing Flies (artificial sport fishing bait used for fly fishing), before returning home in 1990. Lanka Fishing Flies (Pvt) Ltd., a pioneering export industry in Sri Lanka, was started by his father in 1981 as a cottage industry in their home to manufacture hand-tied, signature Fishing Flies for export. Today the Company employs 250 people in Nugegoda, Tangalle and Ratnapura, producing the world's highest quality fishing flies. Mr. de Mel has been its Managing Director since 1991.

He also owns and operates Sportfishing Lanka – a Division of Lanka Fishing Flies, a pioneering, Professional Sportfishing and Scuba diving, Product Development and Tourism operation. He also leads EcoWave (Gte) Ltd., a social enterprise supporting 300 organic home gardens, EcoWave Natural Foods that operates a plant to process and package certified organic spices, herbs and traditional rice for export, and several SME start-ups in sustainable agriculture and responsible tourism.

He actively serves on the Council of the Employers Federation of Ceylon, the National Peace Council, the Director Boards of the Hambantota District

Chamber of Commerce, and the Association of Small and Medium Enterprises in Tourism Sri Lanka. He is also the National Ambassador for Sri Lanka of The Global Entrepreneurship Network and serves on several other Boards and Committees, local and global, for the development of Entrepreneurship, SME's, Agriculture, Tourism, Responsible Business Practices, and Business for Peace. He strongly believes in, and practices, the "People – Planet – Profit" model for business.

He is also the Former Chairman of the Sri Lanka Export Development Board and currently serves as the Senior Advisor to the State Ministry for Investment Promotion in Sri Lanka.

Mr. Vasula Premawardhana

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

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

Management Discussion and Analysis

OPERATING ENVIRONMENT

Our Portfolio of Hotels

Citrus Hotels & Resorts operates a chain of unique properties renowned for magical experiences, authentic Sri Lankan hospitality and personalised service. Citrus Waskaduwa is the Group's flagship resort; the 150 roomed five-star property is situated along a 400m beachfront in Waskaduwa, overlooking the Indian Ocean.

Citrus Hikkaduwa, a 90-roomed resort on the popular Hikkaduwa beach, embodies the splendour of the locality, providing guests with access to its vibrant nightlife and many recreational activities.

The Steuart by Citrus is the Group's Scottish-themed, eight-storey boutique business hotel at the heart of Colombo's commercial district. The building – Steuart House – was the original headquarters of George Steuart & Co and the styling of The Steuart by Citrus pays homage to that legacy.

Citrus operates "Ceylon Curry Club" a modern restaurant at the Dutch hospital premises which serves authentic Sri Lankan food with a twist of fusion.

During the year under review, Citrus commenced managing and operating the Heladiv Tea Club restaurant which is also in the Dutch Hospital precinct.

The Global Economy

The COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, as well as the climate emergency battered the world economy in 2022. Amid high inflation, aggressive monetary tightening and heightened uncertainties, the current downturn slowed the pace of economic recovery from the

COVID-19 crisis and threatened both developed and developing countries with the prospects of recession in 2023. Growth momentum significantly weakened in the US, the European Union and other developed economies in 2022, adversely impacting the rest of the global economy. Tightening global financial conditions coupled with a strong dollar exacerbated fiscal and debt vulnerabilities in developing countries. Over 85% of central banks worldwide tightened monetary policy and raised interest rates in quick succession since late 2021, to tame inflationary pressures and avoid a recession. Global inflation reached a multi-decade high of about 9% in 2022. Already, the number of people facing acute food insecurity had more than doubled compared to 2019, reaching almost 350 million. After growing 3.1% in 2022, the global economy is set to slow substantially in 2023, to 2.1% amid continued monetary policy tightening to rein in high inflation, before a tepid recovery in 2024, to 2.4%.

Global Tourism

Tourism bounced back strongly in 2022, driven by pent-up demand and the lifting of travel restrictions. The recovery is fragile and uneven across countries however, with new uncertainties from the economic slowdown and geopolitical instability, precipitated by Russia's war in Ukraine. While domestic tourism, which proved to be an important lifeline for many jobs and businesses during the pandemic, is projected to recover to pre-pandemic levels by 2023, the full recovery of international tourism is now expected to take up until 2025, or beyond. Tourism businesses, already struggling to recover from the pandemic, are now also facing rising energy, food and other input costs, as well as labour shortages and skills gaps. While projections are positive overall, there are some downside risks to recovery. This includes the negative impacts

of the conflict in Ukraine, including supply chain disruptions and rising energy prices which have increased inflationary pressures, in turn reducing disposable incomes in important source markets. In addition, the effects of airspace restrictions and rising oil prices could feed into transport ticket prices, thereby making travel costlier. Moreover, staff shortages have been identified as one of the key challenges for travel and tourism on its path to recovery.

Sri Lankan Economy

In 2022, the Sri Lankan economy registered its deepest economic contraction since independence, mainly driven by the ripple effects of the unprecedented economic crisis amidst the domestic and global headwinds that reversed the post-pandemic recovery. Real GDP contracted by 7.8% in 2022, compared to the growth of 3.5% in 2021. Acute fuel shortages due to the dearth of foreign exchange caused a significant drag on activities, as a result of hampered supply chains, prolonged power outages, scarcity of raw materials amidst imports compression, and a surge in the cost of production. Further, significant upward revisions in major utility prices amidst soaring global energy prices and the depreciation of the exchange rate exacerbated supply side pressures, while accelerated inflation and tax hikes affected the disposable income of households. Against this backdrop, the Government and the Central Bank initiated several containment and remedial policy monetary policy tightening measures, along with the other measures to contain the balance of payments (BOP) pressures, and the unprecedented fiscal reforms in taxation and utility prices, along with the fuel rationing system, among others. Meanwhile, the Government sought assistance from the IMF for a funding arrangement and announced a debt standstill

as an interim measure, pending negotiations on debt restructuring with bilateral and commercial creditors.

The agriculture sector contracted by 4.6% in 2022 compared to a year earlier. 2022, the industry sector contracted notably by 16% per cent, year-on-year, primarily due to the dampened performance of the construction and manufacturing subsectors amidst severe shortages in raw materials and input cost escalations. The energy crisis and tighter monetary conditions also weighed on the performance of the industry subsectors. Despite the resilient performance in the services sector during the first quarter of 2022, supported by the gradual normalisation of services sector activity following the COVID-19 pandemic, economic headwinds that intensified thereafter, hindered a further expansion in the services sector, resulting in an overall contraction of 2% per cent, year-on-year, in 2022.

The Sri Lankan economy is poised to recover gradually from its deepest economic contraction witnessed in 2022. This recovery would be buoyed by the macroeconomic adjustment programme under the IMF-EFF arrangement, which is aimed at restoring macroeconomic stability, debt sustainability, safeguarding financial system stability, strengthening governance and unlocking the growth potentials of the economy.

Stakeholder Engagement

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

Management Discussion and Analysis

Investors

Investors play a critical role in the success and growth of the company and in order to sustain these long-term relationships, Citrus engages with them regularly while keeping them informed of decisions and actions carried out by the Company. Investors meet the management during the Annual General Meeting in addition to being updated via periodic reports on financial performance on an annual and interim basis. The company keeps strengthening the value creation process so that returns through dividends and capital gains meet investor expectations.

Guests

As a highly-customer centric company, our customers are our inspiration, spurring the company to innovate and customise experiences that delight every single guest. Citrus is known for its signature Sri Lankan hospitality and continues to enhance the guest experience by providing a calming, vibrant and fruitful stay for guests. The Group maintains high standards of hygiene, safety and cleanliness while seeing to the convenience and comfort of its guests.

Community

The community is a vital stakeholder of each of our properties and the Group ensures ethical and sustainable operations that do not encroach on the wellbeing of local communities and the environment in any manner. The company encourages staff to participate in a variety of CSR projects to enhance the community. During the year, repairing, cleaning and painting of Hikkaduwa station was undertaken by Citrus which drastically improved the look of the station and enhanced its cleanliness. In addition, blood donation drives and neighbourhood temple cleaning projects were also conducted.

Government & Industry

As one of the key hospitality brands in Sri Lanka, Citrus Leisure ensures it meets all its legal obligations in accordance with the government while operating within the rules and regulations set out in the industry. The company's investment in training and development while benefitting its employees also ensures that the industry is impacted by skilled people if our employees join other hotel groups. The Group maintains an open dialogue with industry bodies and associations and peers to explore ways to drive tourist footfalls into the island. The company engages in fair competition.

Suppliers

Citrus has a highly valued supply chain that ensures our operations can proceed smoothly. All suppliers are approved against set criteria and supplies are monitored for quality and freshness as the case may be to see that they adhere to our brand qualities. We collaborate with our suppliers based on mutual trust. Regular appraisals are conducted to ensure quality control.

Employees

Citrus' employees drive the vision of the Group of Hotels with passion and have proved their agility and adaptability in facing unprecedented challenges of the recent past. The company invests in their training and development which is apparent in the high levels of service guests have come to expect at any of the Citrus properties. The company has created a conducive work workplace culture including above industry remuneration, incentive linked bonuses, health and wellbeing, work-life balance and entertainment. All employees and the management alike have to adhere to a code of ethics which ensures a consistent approach to meeting corporate goals.

Training and Development

Nurturing a pool of professional and highly trained employees ensures they will take care of guests with care and attention to detail. Training and development forms a key pillar of our brand proposition. A substantial budget is allocated for training purposes. A competency mapping exercise is carried out after which individual training programmes are drawn up to enhance skills and knowledge. Staff are given technical training along with a host of soft skills training in enhancing customer satisfaction, including communication skills and guest experience management, spoken English and complaints handling, food hygiene and safety. Training not only equips employees with the required tools to improve their performance, but also boosts their confidence and unleashes their potential. Employees are also provided cross departmental training to give them greater exposure. A fast-track management training programme is in place to provide a clear path in career progression. Rewards and recognition form a key motivational pillar and staff goes through annual appraisals to understand their strengths and weaknesses.

Response to Economic crisis

The economic crisis had a disproportionate impact of lives and livelihoods and to ensure that its employees did not feel the burden we donated dry rations and food packs for staff and supported their emotional and mental wellbeing through closer engagement with management.

Ensuring work-life balance

Citrus encourages a healthy work-life balance for its staff to ensure they remain positive and motivated at all times. Staff birthdays are celebrated in a fun-filled atmosphere to show employees how much they are valued, while major religious and cultural

festivals such as Poson dansal, Christmas carols and Sinhala and Tamil New Year etc are also marked with ceremonies. A celebration is held each time set targets are achieved which provide the impetus needed. Employee of the Quarter and Special Employee Appreciation programmes are established to further motivate staff. During the year, cricket and billiards competitions were held within the company.

Future Outlook

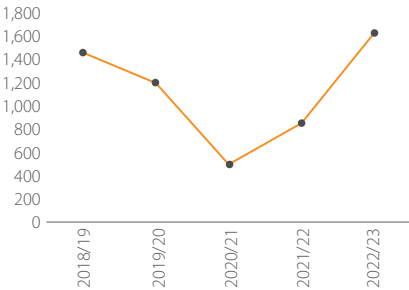
The number of foreign tourist arrivals in Sri Lanka is showing an uptick in 2023 and this augurs well for the winter season, which is already showing an influx of enquiries. We believe the tourism industry is poised to recover strongly. It is hoped that a stronger marketing and advertising push will further boost inbound numbers from both traditional and new markets.

Management Discussion and Analysis

Financial Performance

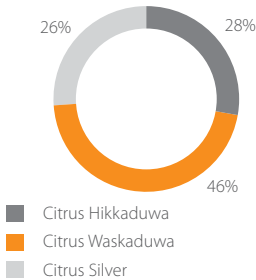
Revenue

Rs. Mn.



Group revenue increased by 71% to Rs. 849 million during the year compared to previous financial year. Citrus Waskaduwa generated Rs. 749 Mn while Citrus Hikkaduwa and Citrus Silver generated Rs. 450 Mn and Rs. 426 Mn respectively.

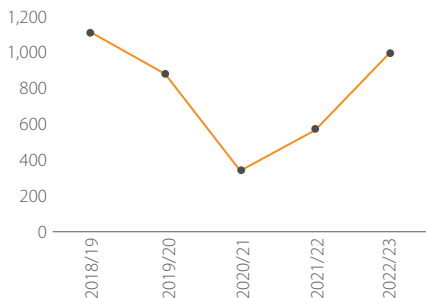
Revenue Contribution



The hotels maintained better revenue and occupancy levels during the winter season from December to March compared to first eight months of the financial year. Citrus Hikkaduwa reported 88% occupancy level during the season while Citrus Waskaduwa and Citrus Silver reported 58% and 65% respectively. However with the difficult first half of the financial year Citrus Hikkaduwa posted 61%, Citrus Waskaduwa 44% and Citrus Silver 53% as their overall occupancy for the financial year 2022-23.

Gross Profit

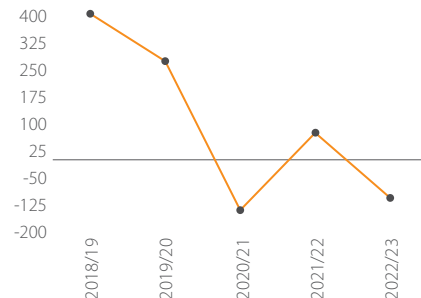
Rs. Mn.



Gross profit (GP) of the group increased by 76% compared to previous year mainly due to increase in revenue as stated above. Also the group has been able to maintain same GP ratio as previous year even with the higher rate of inflation compared to last financial year mainly due to various steps taken by the hotel to minimise its cost without compromising its serving to the guests at this difficult time period.

EBITDA

Rs. Mn.



EBITDA margin decreased from 15% to -13% compared to previous year. Concurrently, working capital management measures implemented through negotiations with suppliers and by securing loan facilities, particularly through the various relief measures extended by the Government and the Central Bank, assisted in managing liquidity.

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

The Board of Directors of Citrus Leisure PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2023, conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended best practices.

General

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

Principal Activities

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

Review of Operations

The management discussion and analysis covers the operations of the Company during the financial year under review on pages 10 to 15.

Financial Statements

The complete Financial Statements of the Company duly signed by two Directors on behalf of the Board are given on pages 66 to 167.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on pages 62 to 65.

Accounting Policies

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 74 to 101 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 06 to 09.

Executive Directors

Mr. P C B Talwatte

Non-Executive Directors

Mr. D S Jayaweera

Ms. V S F Amunugama

Mr. P V S Premawardhana

Mr. J M B Pilimatalawwe

Mr. S A Ameresekere

Independent Non-Executive Directors

Mr. E P A Cooray

Mr. R Seneviratne

Mr. S D de Mel

Changes in the Directorate of the Company

Mr. D S Jayaweera and Ms. V S F Amunugama were re-designated as Non-Executive Directors with effect from 15th November 2022.

Recommendation for re-election of Directors who retire by rotation

Messrs P C B Talwatte and S D de Mel who retire by rotation in terms of Article 85 of the Articles of

Association of the Company and being eligible are recommended by the Directors for re-election.

Re-appointment of a Director who is over 70 years of age

Mr. E P A Cooray who has attained 75 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Directors of Subsidiary Companies

Hikkaduwa Beach Resort PLC

Mr. E P A Cooray
Mr. P C B Talwatte (*appointed w.e.f. 15.11.2022*)
Mr. D S Jayaweera
Mr. R Seneviratne
Mr. P V S Premawardhana
Mr. S A Ameresekere

Waskaduwa Beach Resort PLC

Mr. E P A Cooray
Mr. P C B Talwatte (*appointed w.e.f. 15.11.2022*)
Mr. D S Jayaweera
Mr. R Seneviratne
Ms. V S F Amunugama
Mr. J M B Pilimalawwe
Mr. S D de Mel
Mr. S A Ameresekere

Citrus Silver Ltd

Mr. D S Jayaweera
Mr. P C B Talwatte (*appointed w.e.f. 01.12.2022*)
Ms. V S F Amunugama

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 Pilimalawwe
Mr. P V S Premawardhana

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 Pilimalawwe
Mr. P V S Premawardhana
Mr. D M Wickramasinghe
Mr. H C de Silva
Mr. H S Martenstyn

Board of Directors and Relevant Interest in Shares

The Board consists of nine Directors, comprising of one (01) Executive Director and eight (08) Non-Executive Directors, three (03) of whom are Independent;

Directors' interest in the shares of the Company as at 31st March 2023 and 31st March 2022 were as follows:

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

Name of the Director No. of shares as at 31.03.2023
No. of shares as at 31.03.2022

Name of the Director	No. of shares as at 31.03.2023	No. of shares as at 31.03.2022
01 Mr. E P A Cooray	42,200	42,200
02 Mr. D S Jayaweera	30,240	30,240
03 Ms. V S F Amunugama	30,240	30,240
04 Mr. P C B Talwatte	Nil	Nil
05 Mr. R Seneviratne	254,565	254,565
06 Mr. P V S Premawardhana	Nil	Nil
07 Mr. J M B Pilimalawwe	Nil	Nil
08 Mr. S D De Mel	100,000	100,000
09 Mr. S A Ameresekere	Nil	Nil

Independence of Directors

Based on the declarations submitted by the Non-Executive Directors, the Board has determined that three (03) Non-Executive Directors, namely, Messrs E P A Cooray, R Seneviratne and S D de Mel are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

Directors' Interests in Contracts or Proposed Contracts and Interest Register

The Company maintains an Interest Register in terms of the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

Directors' Remuneration

The Directors' Remuneration is disclosed under key management personnel compensation in Note 33.4.1 to the Financial Statements on page 159.

Corporate Governance

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

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

The report on Corporate Governance is given on pages 24 to 50 of the Annual Report.

Delegation of Authority

The Board has delegated the authority of the day to day management of the Company to the Chief Executive Officer who is responsible for delivering services according to the policies and the budgets approved by the Board.

Delegation to Board Members

The Board has delegated certain functions and duties to Sub Committees that comprises of Board members. The functions and duties of each Sub Committee namely, the Audit Committee, the Remuneration Committee and the Related Party Transactions Review Committee are detailed in the respective reports.

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

Appraisal of Board Performance

The Board is aware that appraising their own performance periodically would enhance the

understanding of individual performance of the Board as a whole. The Board members ensure that Board responsibilities are satisfactorily discharged.

Directors' responsibilities for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state of affairs.

The Directors are of the view that the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to Financial Statements appearing on pages 68 to 165 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (LKAS/SLFRS), Companies Act, No.07 of 2007, Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on pages 51 to 52.

Independent Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors of the Company during the year under review. The Auditors do not have any other relationship with the Company other than as Auditors of the Company who have also provided certain non-audit services. A total amount of Rs. 370,000/- is payable by the Company to the Auditors for the year under review. Rs. 230,000/- as audit fees and Rs. 140,000/- as non-audit fees respectively.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 31st August 2023 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Group

Messrs Ernst & Young, Chartered Accountants also served as Auditors of all the subsidiary companies except Citrus Vacation Limited, whose Auditors are Messrs Tudor V Perera & Company, Chartered Accountants. Details of payments to the said Auditors on account of audit fees are set out in Note 8 to the Financial Statements on page 104.

Stated Capital

The Stated Capital of the Company as at 31 March 2023 was Rs. 3,256,172,662/- representing 267,229,723 ordinary shares (Rs. 3,256,172,662/- representing 267,229,723 ordinary shares as at 31 March 2022).

Internal Controls

The Board through delegation to the Audit Committee ensures that the Company maintains a sound system of Internal Controls to safeguard investments and Company's assets. Therefore, the Audit Committee conducts a review of the effectiveness of the Company's system of internal controls.

Major Transactions

The Board of Directors is required to act in accordance with Section 185 of the Companies Act

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

No. 07 of 2007 with regard to 'major transactions' as per the said Section 185. There were no major transactions entered into by the Company during the year.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings per share, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 170 to 172 under Shareholders' Information.

Employment Policy

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

As at 31st March 2023, 26 persons were in employment (30 persons as at 31st March 2022). There were no material issues pertaining to employees and industrial relations during the financial year.

Statutory Payments

The Directors confirm that, to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or where relevant provided for, except for certain assessments where appeals have been lodged.

The Directors confirm that, to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or where relevant provided for, except for certain assessments where appeals have been lodged.

Reserves

The reserves of the Company with the movements during the year are given in financial statements on pages 70 to 71.

Land Holdings

The Company does not hold any freehold land.

Property, Plant & Equipment

Details and movements of property, plant and equipment are given in Note 13 to the Financial Statements on pages 112 to 118.

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2023 are given in Note 17 to the Financial Statements on page 123.

Donations

No Donations were made by the Company, while the donations made by the Group during the year amounted to Rs. 692,357/-.

Dividends

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

Audit Committee

The Audit Committee comprises of five (05) Non-Executive Directors, three (03) of whom are Independent;

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S A Amersekere	- Non-Independent Non-Executive Director	- Member

The Report of the Audit Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

The Report of the Audit Committee appears on pages 62 to 65.

Remuneration Committee

The Remuneration Committee comprises of five (05) Non-Executive Directors, three (03) of whom are Independent;

Mr. J M B Pilimalawwe	- Non-Independent Non-Executive Director	- Chairman of the Committee
Mr. E P A Cooray	- Independent Non-Executive Director	- Member
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Amersekere	- Non-Independent Non-Executive Director	- Member

The Report of the Remuneration Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

The Report of the Remuneration Committee appears on pages 56 to 57.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee comprises of one (01) Executive Director and four (04) Non-Executive Directors, two (02) of whom are Independent;

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. P C B Talwatte	- Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Amersekere	- Non-Independent Non-Executive Director	- Member

The Report of the Related Party Transactions Review Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

The Report of the Related Party Transactions Review Committee appears on pages 58 to 59.

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

Declaration – Compliance with Rule 9 of the Listing Rules

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2023.

Related Party Transactions/Disclosures during the year

Presented below are the recurrent and non-recurrent related party transactions which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2.

Non-Recurrent Related Party Transactions – Disclosure in terms of Rule 9.3.2(a) of the Listing Rules

There were no non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group as per 31st March 2022 audited financial statements, which required additional disclosures in the 2022/23 Annual Report under Section 9.3.2(a) of the Listing Rules of the Colombo Stock Exchange

Recurrent Related Party Transactions – Disclosure in terms of Rule 9.3.2(b) of the Listing Rules

A declaration of recurrent Related Party Transactions during the period under review is given in below table

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the Financial year	Aggregate value of Related Party Transactions as a % of net Revenue/ Income	Terms and conditions of the Related Party Transactions
George Steuart & Company Ltd	Parent	Loans obtained	132,500,000	16%	Interest is charged at 12%
Hikkaduwa Beach Resort PLC	Subsidiary	Funds Transferred (loans given)	96,690,360	11%	Interest is charge at AWPLR [six (06) months] up to December 2022 and 12% from January 2023

Events after the reporting date

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

Going Concern

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

Annual General Meeting

The Annual General Meeting of the Company will be held on 26th September 2023 at 11.15 a.m. at the Sri Lanka Foundation, Lecture Hall No 03, No 100, Padanam Mawatha, Independent Square, Colombo 07.

The Notice of the Annual General Meeting is on pages 173 to 174 of this Report.

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



E P A Cooray
Chairman



S A Ameresekere
Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

31 August 2023
Colombo

Corporate Governance

Our Governance Framework

Regulatory Framework Assurance

Companies
Act No. 7 of 2007

Listing Rules of the Colombo
Stock Exchange (CSE)

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

Sri Lanka Accounting
Standards (SLFRS/LKAS)

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

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

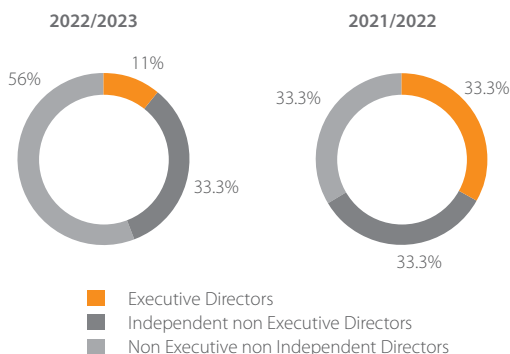
The Board provides strategic leadership and guidance and sets the tone to ensure that the development of the Company is based on values. We believe that our values are the driving force across the Group and are our guiding force for good governance.

Board of Directors

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

Board Composition and Directors' Independence as at 31st March 2023

Name of the Director	Status of the Director	Shareholding
Mr. E. P. A. Cooray	Chairman and Independent non Executive Director	Yes
Mr. D. S. Jayaweera	Non Executive non Independent Director	Yes
Mr. R. Seneviratne	Independent non Executive Director	Yes
Ms. V. S. F. Amunugama	Non Executive non Independent Director	Yes
Mr. S. D. De Mel	Independent non Executive Director	Yes
Mr. J. M. B. Pilimatalawwe	Non Executive non Independent Director	No
Mr. P. C. B. Talwatte	Executive Director	No
Mr. P. V. S. Premawardhana	Non Executive non Independent Director	No
Mr. S. A. Amersekere	Non Executive non Independent Director	No



Corporate Governance

Directors' Responsibility for the preparation of the Financial Statements

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

The Board of Directors further confirms that suitable accounting policies are consistency applied and supported by reasonable and prudent judgement and estimates, and have been applied in the preparation of the financial statements.

Compliance regarding Payments

The Board of Directors confirms that all known statutory payments have been paid up to date and all retirement gratuities have been provided for in the financial statements. At the same time, all management fees and payments made to related parties have been reflected in the financial statements.

Internal Control

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place.

Stakeholders

The Board is conscious of its relationship with all stakeholders including the community within which it operates with sustainable and eco-friendly practices. The hotels enhance and uplift staff standards and morale through regular training and improved facilities. This facilitates improvement in service levels, thereby enriching guest experience. Satisfied guests, apart from providing repeat business, also act as ambassadors for the hotels.

Going Concern

The Board of Directors is satisfied that the Company is a going concern and has adequate resources to continue in business for the foreseeable future. For this reason, the Company follows the "going concern" basis when preparing financial statements.

Board Meetings

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

The attendance at the Board meetings held during the financial year 2022/23 is given below.

Name of Director	30-05-2022	15-08-2022	31-08-2022	15-11-2022	15-02-2023	Meetings Attended
Mr. E. P. A. Cooray	✓	✓	✓	✓	✓	5/5
Mr. P. C. B. Talwatte	✓	✓	✓	✓	✓	5/5
Mr. D. S. Jayaweera	✓	✓	Ex	Ex	Ex	2/5
Mr. R. Seneviratne	✓	✓	✓	✓	✓	3/5
Ms. V. S. F. Amunugama	✓	✓	✓	Ex	✓	3/5
Mr. J. M. B. Pilimalawwe	✓	✓	✓	✓	✓	5/5
Mr. S. D. De Mel	Ex	✓	✓	Ex	✓	2/5
Mr. P. V. S. Premawardhana	✓	Ex	Ex	Ex	✓	2/5
Mr. S. A. Amersekere	✓	✓	✓	✓	✓	5/5

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

Compliance with the Code of Best Practices in Corporate Governance 2017 & CSE's New Listing Rules- Section 7.10, Rules on Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
The Board	A.1	7.10.1(a) / 7.10.2(a)	Compliant	Citrus Leisure PLC is headed by an effective board, which is responsible for the leadership, stewardship and governance of the Company. The Board of Directors comprises of, • One Executive Director (ED) • Three Non-Executive Independent Directors (NED/ID) • Five Non-Executive Non Independent Directors (NED/NID)

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Meetings	A.1.1		Compliant	Five (5) Board Meetings were held during the year and the Company is compliant with the Code of Best Practice as the Board has met in every quarter of the financial year 2022/23. The Board meets as a practice as and when required. Agendas and papers are circulated in advance to enable informed deliberation at meetings and decisions are made by consensus. The Board met on key matters of importance to the Company, including the approval of strategic and operating plans, capital expenditure, financial statements by giving due attention to accounting standards and policies, ensuring compliance with legal and ethical standards, ensuring effective risk management and audit systems and addressing matters that have a material effect on the Company. Regularity of board meetings and the process of submitting information have been agreed and documented by the Board. Information reported on regular basis includes, but is not limited to, • Financial and operating results for each quarter. • Key Performance Indicators. • Financial Performance compared to previous periods and budgets. • Forecasts for the future period. • Statutory Compliance. • Management Audit Report and Internal Audit Scope. • Details of Related Party Transactions. • Capital Expenditure Schedules

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Responsibilities	A.1.2		Compliant	The Board of Directors of Citrus Leisure PLC bears the responsibility for providing strategic direction, achieving objectives, responsible corporate behaviour risk management, utilisation of resources responsibly, for ensuring leadership through effective oversight and review, whilst setting the strategic direction and delivering sustainable shareholder value over the long term. The Board seeks to achieve this through setting out its strategy, monitoring its strategic objectives and providing oversight of its implementation by the management team. In establishing and monitoring its strategy, the Board considers the impact of its decisions on wider stakeholders including employees, suppliers and the environment. Effective Corporate Governance is central to the Group's ability to operate successfully. As a Board, we take seriously our responsibility for setting high standards of accountability and ethical behaviour. In performing its role, the Board is responsible for, • Providing the leadership for formulation and implementation of an effective business strategy, by emphasising on sustainable development in Corporate Strategy, decisions and business activities, whilst ensuring all stakeholder interests are considered in corporate decisions. Also, approving budgets and major capital expenditure and establishing a process of monitoring and evaluating strategy implementation, budgets, plans and related risks.

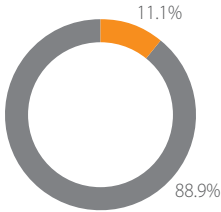
Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				- Ensuring that the CEO and the Management Team possess sufficient skills, competencies, experience and knowledge to implement company strategies. - Ensuring that the business practices are in compliance with the laws, regulations and Company's code of ethics. - Establishment of effective internal controls, risk management and business continuity practices, ensuring that the adoption of appropriate accounting policies and compliance with financial regulations and Establishment of a process for Corporate Reporting. - Reviewing, monitoring and taking corrective action with regard to the achievement of the corporate strategies. Key decisions are reserved for the Board's approval and are not delegated to management. These include matters relating to the Group's strategy, approval of major acquisitions, disposals, capital expenditure, financial results and overseeing the Group's systems of internal control, governance and risk management. The Board delegates certain responsibilities to the management, to assist it in carrying out its functions of ensuring independent oversight.
Compliance with Laws and access to Professional Advice	A.1.3		Compliant	The Board acts in conformity with the laws of the country, and the Board and the Audit Committee is tabled a compliance statement on statutory requirements on quarterly basis at the Board and Audit Committee meeting.

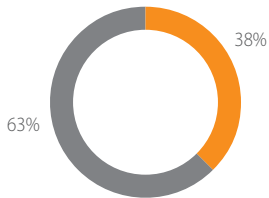
Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				The Board of Directors are provided with the opportunity of seeking professional advice at the expense of the Company, whenever it is necessary; with regard to certain technical matters and other business affairs ensuring that the Directors possess sufficient knowledge and experience in making high quality and independent decisions.
Company Secretary	A.1.4		Compliant	PW Corporate Secretarial (Pvt) Ltd. functions as Secretaries to the Board. They ensure that appropriate Board processes are adopted, Board procedures and applicable rules and regulations adhered to and details and documents are made available to the Directors and Senior Management for effective decision making at the meetings. Further, the Company Secretary acts as the mediator between Directors, Auditors and Sub-committees of the Board facilitating the communication and information flow among above parties.
Directors' Independence	A.1.5		Compliant	The objectivity and independent judgement in all decisions of the Directors are established by ensuring that the Board acts unrestrictedly from undue influence of other parties or circumstances.
Adequate time and effort from Directors	A.1.6		Compliant	Board of Directors dedicates adequate time and effort to discharge their duties and responsibilities owed to the Company. The Board papers are distributed to the Directors ahead of the meetings, providing the opportunity to call for additional information and clarifications before the meeting. The Board has delegated the authority of directing the routine operations of the Company to the Executive Director/CEO of the Company.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Call for resolution to be presented	A.1.7		Compliant	A Director and the secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
Training for Directors	A.1.8		Compliant	Existing Directors are encouraged to improve their knowledge base and skills on a continuous basis and the newly appointed Directors are introduced to the Board and the Senior Management after induction sessions conducted on Governance Framework, Company's culture and values, business model and strategy, duties and responsibilities of the Directors, current laws and regulations applicable to the tourism and hotel industry and important matters that were discussed during prior meetings.
The Role of the Chairman and Chief Executive Officer (CEO)	A.2: & A.3		Compliant	There is a clear separation between the role of the Chairman and the CEO, with regard to the duties and responsibilities ensuring a balance between the power and authority and that no one individual has unfettered powers of decision making. The Chairman has the authority over the Board proceedings whereas the CEO is in charge of the day-to-day operations of the Company. The Chairman preserves the effective performance of the Board and facilitates the effective discharge of Board functions by ensuring that Board proceeding are carried out in a proper manner.
Financial Acumen	A.4		Compliant	The Chairman of the Company is a Certified Management Accountant and with extensive knowledge and experience in financial matters. In addition, the rest of the Board members sufficiently possess knowledge on financial matters, based on experience gathered in their respective fields.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Balance	A.5		Compliant	The Board comprises of one Executive Directors and eight non-executive Directors out of which three are Independent Directors and five non-independent Directors ensuring that no individual or small group can dominate the Board's decisions.  11.1% 88.9% Executive Directors Non-executive Directors
Non-executive Directors with sufficient calibre	A.5.1		Compliant	The present composition of the Board is at a healthy balance between executive expediency and independent judgement. The Board is comprised of experienced and influential individuals with diverse backgrounds and expertise. Their mix of skills and business experience is a major contributor to the proper functioning of the Board and its committees. The Non-executive Directors possess vast experience in business and strong financial acumen, through their membership on external boards, and thereby are able to assess the financial reporting systems and internal controls, review and suggests any changes in keeping with best practice.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Number of Independent Directors	A.5.2		Compliant	The Board of Directors of the Company Comprises of eight non-executive Directors out of which three are Independent and this ratio was maintained throughout the year.  63% 38% Independent Non-independent
Independence of Non-Executive Directors	A.5.3, A.5.4 & A.5.5	7.10.2(b) Available with Secretaries 7.10.3 (a),(b) & (c) 7.10.4 (a-h)	Compliant	The presence of Non-executive Independent Directors enables independent judgement. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted a declaration confirming their Independence as at 31st March 2023 in accordance with section 07 of the CSE listing regulations on Corporate Governance. The biographical details of the Directors are set out on pages 6-8 of this report.
Alternative Director	A.5.6		Not Applicable	This principal is not applicable as an Alternate Director has not been appointed during the financial year 2022/2023.
Senior Independent Director	A.5.7 & A.5.8		Not Applicable	This principal is not applicable as the Chairman is an Independent Non-executive Director.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Interactions between the Chairman and Non-executive Directors	A.5.9		Compliant	The Chairman holds meetings with the Non-executive Directors, without the presence of the Executive Director as and when necessary.
Minutes on Directors concerns	A.5.10		Compliant	Any concerns of Directors on matters of the Company that cannot be unanimously resolved will be recorded in Board Minutes, as and when such concerns arise.
Supply of Information	A.6		Compliant	The Board is provided with timely information on a regular basis as well as ad hoc reports and information as and when it is requested from the management.
Provision of adequate information on a timely basis to the Board	A.6.1 & A.6.2		Compliant	The minutes, agenda and the Board papers required for the Board meetings are provided to the Directors at least seven days before the meeting and management is obliged to provide the Board with relevant and timely information for effective decision making. Directors are also provided the opportunity to make enquiries from industry experts and professionals, senior management, auditors, central internal departments and the Company Secretary for further details and information as and when necessary.
Appointments to the Board	A.7	7.10.3 (d)	Compliant	Citrus Leisure PLC has a formal and transparent procedure for the appointment of Directors to the Board.
Nomination Committee & annual assessment of Board composition	A.7.1 & A.7.2		Compliant	The Company does not have a separate committee for nomination. However, the existing Board Members function in a manner that is similar to a formally appointed Nomination Committee in matters concerning new appointments to the Board.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				During the year, the Board critically evaluated the "quality" of the Board in terms of their qualifications, experience, independence and the value that can be added to the Company to effectively meet the demands of the Company. The Board is satisfied with its composition and the level of qualifications, knowledge and experience it possesses as a whole in order to meet strategic demands facing the Company.
Disclosure of new Board Appointments	A.7.3		Compliant	Shareholders must formally approve all new appointments at the first opportunity after their appointment, as provided by the Articles of Association of the Company; subsequently to the submission of a brief resume, nature of expertise, details about directorships in other companies, and the independence of a new Director, to the shareholders.
Re-election	A.8		Compliant	One third of the Directors shall retire at each AGM and be eligible for the re-election.
Approval from shareholders for election and reelection of Directors	A.8.1 & A.8.2		Compliant	All Directors including the Chairman over the age of seventy years and the Directors retiring by rotation in terms of the Articles of Association of the Company, submit themselves to be re-elected at the AGM to be held on the 26th of September 2023 by the shareholders and the proposals for re-election are specified in Notice of Meeting section on page 173.
Resignation	A.8.3		Not Applicable	There has not been a resignation of a Director during the year 2022/23.
Appraisal of Board Performance	A.9	7.10.3.(a)	Compliant	Performance of the Board is evaluated from time to time and at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually coordinated by the Company Secretary and overseen by the Chairman.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Annual appraisal of Board performance and declaration of basis of performance	A.9.1, A.9.2, A.9.3 & A.9.4		Compliant	Every year, the performance review provides the opportunity to reflect on the effectiveness of Board activities, the extent of deliberations, the quality of decisions and each Director's performance and contribution. The Board appraises their own performance based on the following aspects: • Strategic planning and risk management. • Effectiveness of decision making. • Succession planning. • Composition, skills, balance, experience and diversity. • Culture and quality of contributions. • Resources of meetings, agenda planning and quality of information and papers. • Corporate Governance, regulatory compliance and support. • Evaluation of individual performance and scope of improvement. • Committee effectiveness and communication to the Board.
Disclosure of information in respect of Directors	A.10	7.10.3.(a)	Complied	Information in respect of Directors is specified in the pages 6-8 of this Annual Report.
Appraisal of CEO	A.11		Compliant	Assessing the performance of the CEO is done annually.
Short, medium and long term objective and evaluation of CEO's Performance	A.11.1 & A.11.2		Complied	The Board sets out the short, medium and long term, financial and non-financial objectives at the commencement of each financial year, and evaluates the performance of the CEO in respect of the achievement of such set targets.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details				
Remuneration Procedure	B.1		Compliant	The Company has established a formal and transparent procedure for developing policy on executive and Directors’ remuneration.				
Remuneration Committee, its composition and access to professional advice on determining the remuneration of Executive Directors	B.1.1, B.1.2, B.1.3 & B.1.5	7.10.5, 7.10.5 (a) &7.10.5(b)		Citrus Leisure PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board. The Remuneration Committee of the Group consists exclusively of Non-executive Directors as prescribed by the Code of Best Practice, out of which three Directors are Non-executive Independent Directors and two Non-executive Non-independent Director, namely: Mr. J. M. B. Pilimatalawwe - (NED /NID) - Chairman Mr. S. A. Ameresekere - (NED /NID) Mr. J. M. B. Pilimatalawwe - (NED /NID) Mr. E. P. A. Cooray - (NED / ID) Mr. R. Seneviratne - (NED / ID) Mr. S. D. De Mel - (NED / ID) <table><tr><td>Independent</td><td>40%</td></tr><tr><td>Non-Independent</td><td>60%</td></tr></table>	Independent	40%	Non-Independent	60%
Independent	40%							
Non-Independent	60%							

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				The Group Finance Manager assists the committee by providing the relevant information and participating in the analysis and deliberations, in addition to the consultations done by the remuneration committee from the Chairman, on proposals relating to the remuneration of Executive Directors. Further the Remuneration Committee is provided the access to professional advice on such proposals whenever it is necessary. The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors. The Remuneration Committee met four(4) times during the financial year.
Executive Share Options	B.2.5		Not Applicable	This section is not applicable to the Group as, there were no share option schemes in effect during the financial period under review.
Remuneration Policy	B.2.6		Compliant	The details of the remuneration policy have been set out in the Remuneration Committee Report on pages 56 and 57..
Compensation on early termination	B.2.7 & B.2.8	7.10.5(c)	Compliant	Compensation paid on early termination of Directors will be determined based on the initial contract/Articles of Association of the company, where the initial contract does not provide directions for compensation commitments.
Levels of remuneration for Non-executive Directors	B.2.9 / 2.10		Compliant	No payments has been made for any non-executive Director during the financial year.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Disclosure of Remuneration	B.3	7.10.5(c)	Compliant	The remuneration to Directors is disclosed on page 159 under the note 33.4.1 as a part of the financial statements of this report.
Constructive use of the AGM and General Meetings	C.1		Compliant	The Company uses the AGM to effectively communicate and enhance the relationship with shareholders.
Constructive use of the AGM and General Meetings	C.1.1 – C.1.5		Compliant	The Shareholders have the right to voice their concerns to the Board of Directors and exercise their votes at the Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing the voting process at the meeting, and other relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders within the time frame stipulated in the relevant statutes. Separate resolutions shall be proposed for each substantially separate issue, including a resolution for the adoption of the report and the accounts.
Communication with Shareholders	C.2		Compliant	The Board has implemented effective communication with shareholders.
Communication with Shareholders	C.2.1 – C.2.7		Compliant	P W Corporate Secretarial (Pvt) Ltd. functions as Secretaries of the Company, and the shareholders are provided a channel to communicate with the Board/individual Directors effectively via the Company Secretaries. All matters in relation to shareholders should be communicated to the Company Secretary. The Company Secretary shall maintain all correspondence with the shareholders and disseminate timely responses to the shareholders.

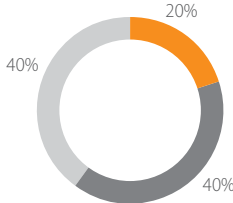
Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Major and Material Transactions	C.3		Compliant	Refer the annual report of the board of directors on the affairs of the company on page 22.
Balanced and understandable presentation of Financial Statements	D.1.1		Compliant	The Board is responsible for the preparation of Financial Statements that gives a true and fair assessment of the Company's financial position, performance and prospects, in accordance with the Companies Act No. 07 of 2007, Sri Lanka Financial Reporting Standards (SLFRS)/Sri Lanka Accounting Standards (LKAS) and listing rules of the Colombo Stock Exchange. The Board is conscious of its responsibility to the Shareholders, the Government and the Society at large, in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board, through the Company's administrative and finance divisions, strives to ensure that the businesses of the Company and its subsidiaries comply with the laws and regulations of the country.
The Board's responsibility on interim and other price sensitive public reports and reports to regulators	D.1.2		Compliant	The Board ensures that the Interim Financial Statements are submitted to the CSE as per listing requirements and other public reports submitted regulators present a balanced and understandable assessment of Company's performance.
Directors' responsibility for preparation and presentation of Financial Statements	D.1.3		Compliant	The Annual Report of the Directors as well as the Independent Auditors' Report declares the responsibility of the Board for the preparation and presentation of Financial Statements. The Consolidated Financial Statements of the company were audited by Messrs Ernst and Young, Chartered Accountants.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Annual Report of the Directors	D.1.4		Compliant	The Annual Report of the Board of Directors sets out at a. The Company is in Compliance with laws and regulations. b. Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007. c. Equitable treatment is meted to shareholders. d. Directors have complied with best practices of Corporate Governance. e. Property, plant and equipment of the Company are reflected at their fair value. f. Appropriateness of the Company's Internal Control system. g. The business is a going concern.
Serious loss of capital	D.1.7		Not Applicable	This principal is not applicable as the net assets of the Company remained higher than 50% of the value of the Company's shareholders' funds during the period under review.
Responsibility of the Board for preparation and presentation of Financial Statements and Statement of Internal Controls	D.1.5		Compliant	The Audit Report on pages 62 - 65 contains a statement setting out that the Board is responsible for the preparation and presentation of Financial Statements and the Auditors' responsibility in expressing an opinion on true and fair view of the above Financial Statements.

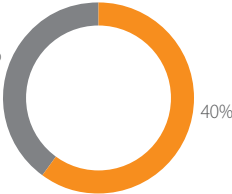
Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Management Discussion Analysis	D.1.6		Compliant	The "Management Discussion Analysis" of this Annual Report contains, among other issues; Industry Review (Pages 10 - 13) Risk Management (Pages 60 - 61) Corporate Governance (Pages 24 - 50) Stakeholder Relationships (Pages 11 -12) Financial Performance (Pages 14 - 15) Prospects for the future (Page 13)
Serious loss of capital	D.1.7		Not Applicable	This principal is not applicable as the net assets of the Company remained higher than 50% of the value of the Company's shareholders' funds during the period under review.
Disclosure of Related Party Transactions	D.1.8		Compliant	The Related Party Transactions Review Committee, which is a subcommittee of the Board, is responsible for review and disclosure of Related Party Transactions. Related Party Transactions Review Committee The Related Party Transactions Review Committee consists of two non-executive Independent Directors, an executive director and two non-executive Non Independent Director and , namely: Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. S. D. De Mel - (NED / ID) Mr. P. C. B. Talwatte - (ED) Mr. P. V. S. Premawardhana - (NED / NID) Mr. S. A. Ameresekere - (NED / NID)

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details			
				<table><tr><td>20%</td></tr><tr><td>40%</td></tr><tr><td>40%</td></tr></table> - Executive Directors - Independent non Executive - Non Executive non Independent The Group Finance Manager assists the committee by providing the relevant information and participating in the analysis and deliberations. The objective of the Related Party Transactions Review Committee is to be consistent with the Code of Best Practices on Related Party transactions issued by the Securities & Exchange Commission. A report of the Related Party Transactions Review Committee is given on pages 58 - 59. The Related Party Transactions Review Committee met four (4) times during the financial year.	20%	40%	40%
20%							
40%							
40%							
				The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007. Further all related party transactions in accordance with Sri Lanka Accounting Standard 24 - (LKAS 24) - Related Party Transactions are disclosed under Note no. 33 to the Financial Statements.			

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Risk Management & Internal Controls	D.2		Compliant	The Board assesses financial and other business risks faced by the Company on a quarterly basis at the Board meetings and determines the necessary safeguards and internal controls that should be designed and implemented in order to provide a reasonable assurance of achieving the Company's objectives. The Audit Committee is responsible to the Board for ensuring the effective operation of the system of internal controls to achieve objectives of the Company.
Effective System of Internal Controls & Risk Management Process	D.2.1		Compliant	The Internal Audit function of the Group is carried out by PricewaterhouseCoopers (Pvt) Ltd. (PwC). However, The Board is responsible for formulating and implementing appropriate systems of internal control for the Group and in turn assessing its effectiveness. The Group's Internal Auditors assists the Board of Directors and the Audit Committee in carrying out the above task. Any internal control system has its inherent limitations. The Board is aware of the inherent limitations and has taken appropriate steps to minimise the same.
Disclosure on Risk Assessment and Mitigation	D.2.2		Compliant	The Audit Committee Report and Risk Management Report set in pages and pages 53 - 55 and 60 -61 respectively explains the risk assessment procedure, including those that would threaten its business model, future performance, solvency and liquidity; and specific risk mitigation strategies.
Internal Audit Function & Audit Committee review of Internal Control System	D.2.3 & D.2.4		Compliant	The Audit Committee oversees the Internal Audit Function of the Company by agreeing on an annual work plan, reviewing its performance and ensuring that the internal audit function has sufficient and appropriate resources to perform their duties effectively and efficiently in the maintenance of a sound risk management process and internal control system.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details		
Responsibilities of the Directors in maintaining a sound system of Internal Controls	D.2.5		Compliant	The "Statement of Directors' Responsibility" on pages 51 - 52 provides the declaration made by Directors accepting the responsibility to ensure that the Company is equipped with a sound system of internal controls.		
Audit Committee	D.3	7.10.6	Compliant	The Board has established a formal and transparent process of Financial Reporting, Internal Controls, Risk Management and maintaining a proper relationship with the Company's Auditors.		
Composition and the Duties of the Audit Committee	D.3.1 & D.3.2	7.10.6(a), 7.10.6(b) & 7.10.6 (c)	Compliant	The Audit Committee comprises exclusively of Non-executive Directors out of whom three are Independent Directors and two are Nonindependent Directors. The members of the Audit Committee are as follows: Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. R. Seneviratne - (NED / ID) Mr. S. D. De Mel - (NED / ID) Mr. P. V. S. Premawardhana - (NED / NID) Mr. S. A. Ameresekere - (NED / (NID)) <table><tr><td>60%</td></tr><tr><td>40%</td></tr></table> Independent non Executive Non Executive non Independent	60%	40%
60%						
40%						

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				The Audit committee focuses principally on assisting the Board to fulfil its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function. The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. The committee is responsible for the consideration and recommendation of External Auditors. A report of the Audit Committee is given on pages 53 - 55. The Audit Committee met five (5) times during the year.
Disclosure of the names of the Audit Committee and the Audit Committee Report	D.3.3		Compliant	The names of Directors in the Audit Committee are disclosed in the D.3.1 section and the manner of compliance with the Code of Best Practice by the Company is set out in the Audit Committee Report on pages 53 - 55 of the annual report.
Best Practices on Related Party Transactions	D.4 & D.4.1		Compliant	The purpose of the Related Party Transactions Review Committee is to review all proposed Related Party Transactions other than those transactions explicitly exempted in conformity with the Listing Rules and LKAS 24 and to ensure that related parties are not granted "more favourable treatment".
Related Party Transactions Review Committee	D.4.2		Compliant	The Related Party Transactions Review Committee consists of two Non-executive Independent Directors, an Executive Director and, two Non-executive Non Independent Directors, namely: Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. S. D. De Mel - (NED / ID) Mr. P. C. B. Talwatte - (ED) Mr. P. V. S. Premawardhana - (NED / NID) Mr. S. A. Ameresekere - (NED / NID)

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Effectiveness of the Related Party Transactions Review Committee	D.4.3		Compliant	Refer the Related Party Transaction Review Committee Report for the purpose, responsibilities, authority, scope and objectives of Related Party Transaction Review Committee; set out in pages 58 - 59.
Adoption of Code of Business Conduct & Ethics and Chairman's affirmation	D.5 – D.5.4		To be complied	Adoption of a Code of Business Conduct and Ethics for Directors and members of senior management team is yet to be complied by the Company.
Corporate Governance Disclosure	D.6	Compliant		The Corporate Governance section of the annual report from pages 24 - 50 sets out the manner and extent to which the company has adopted the principles and provisions of the Code of Best Practice on Corporate Governance. The Company ensures that all shareholder rights are properly observed. Permanent procedures are carried out in line with the rules and regulations of the Colombo Stock Exchange, as well as the related laws.
Structured dialogue with shareholders	E.1.1			A regular and structured dialogue shall be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman.
Evaluation of governance disclosures by institutional investors	E.2		Compliant	Institutional investors are being encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition.
Investing/ Divesting Decision	F.1		Compliant	Individual shareholders are encouraged to carry out adequate analysis and seek professional advice when making their investment / divestment decisions.
Shareholder Voting	F.2		Compliant	Individual shareholders are encouraged to participate and exercise their voting rights.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board's responsibility on Cybersecurity	G.1		Compliant	The Board regularly monitors the latest developments in the field of IT and conducts discussions on how such developments can be utilised to enhance the efficiency and the effectiveness of the hotel operations and to enhance the guest experience. Further, the Board investigates on cybersecurity risks that may affect the business. Additionally, IT General and Application controls have been designed and implemented to ensure the security of confidential information.
Chief Information Security Officer (CISO)	G.2		Compliant	The Board has appointed an IT Manager located at the Head Office who is in charge of Cybersecurity Risk Management. IT Manager is a qualified IT professional and possesses necessary competence to ensure the Cybersecurity. IT Manager provides necessary information with regard to Cybersecurity and is responsible for the development of IT Budget and Risk Management policies of the Company, which will subsequently be evaluated and approved by the Board to be implemented.
Board meeting agenda for discussions on cyber risk management.	G.3		Compliant	Relevant risks are set out in the Internal Audit Report and the same is reported to the Audit Committee. High risk matters are referred to the Board for further actions.
Effectiveness of the Cybersecurity Risk Management System	G.4		Compliant	An Annual Information Risk Management audit is carried out by an independent third party, and identified issues are reported through the Management Letter.
Disclosure on Cybersecurity Risk Management	G.5		Compliant	Risk Management Report set in pages 60 - 61 provides a detailed explanation of cybersecurity risks faced by Citrus Leisure PLC and risk management strategies.
Environment, Society and Governance	H		To be complied	

Corporate Governance

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

Principal	Description	Comment	Compliance Status
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Section 168 – Contents of Annual Report

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

Statement of Directors' Responsibility

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

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 62 to 65 of the Annual Report

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

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

The Directors consider that in preparing these Financial Statements set out on pages 68 to 167, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements.

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

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

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

Statement of Directors' Responsibility

Compliance Report

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

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

By Order of the Board of
CITRUS LEISURE PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

31st August 2023
Colombo.

Audit Committee Report

Composition of the Committee

The Audit Committee comprises of five (05) Non-Executive Directors, three (03) of whom are Independent;

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

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

Meetings

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

Members' Attendance at the Audit Committee Meetings from 01.04.2022 to 31.03.2023 is as follows:

Name of the Director	2022				2023	Meetings Attended
	30.05.2022	15.02.2023	31.08.2022	15.11.2022	15.02.2023	
Mr. E. P. A. Cooray (Chairman)	√	√	√	√	√	5/5
Mr. S. D. De Mel	-	√	√	-	-	2/5
Mr. P. V. S. Premawardhana	√	-	-	-	√	2/5
Mr. S. A. Ameresekere	√	√	√	√	√	5/5
Mr. R. Seneviratne	√	-	√	√	√	4/5

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

The Principal Responsibilities of the Audit Committee

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

Audit Committee Report

Operation of the Audit Committee

The Chairman of the Audit Committee is a Fellow Member of Institute of Certified Management Accountants of Sri Lanka. The Statutory Auditors, the Internal Auditors, Chief Executive Officer, General Managers of the Hotels, Group Finance Manager and Hotel Accountants attended these meetings of the Audit Committee at the invitation of the Chairman of the Audit Committee. Outsourced Internal Auditors (PricewaterhouseCoopers) are required to attend meetings on a regular basis.

The Company Secretary acts as Secretary to the Audit Committee. The members of the Audit Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense. The Committee met four (4) times during the financial year ended 31st March 2023.

The Audit Committee's Duties include:

- Monitoring the financial reporting process.
- Monitoring the compliance with financial reporting requirements, information requirements of the Companies Act No. 07 of 2007 and other relevant financial reporting related regulations and requirements.
- Monitoring the statutory audit of the Group's Financial Statements.
- Reviewing the Group's Financial Statements and the material financial reporting judgements contained therein.
- Monitoring the effectiveness of the Group's Internal Control and Risk Management systems.

- Reviewing and monitoring the independence of the External Auditors and the provision of additional services to the Group.
- Advising the Board on the appointment and removal of the External Auditors and the remuneration and terms of engagement of the External Auditors.

Internal Control and Risk Management

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. The Audit Committee monitors and reviews each year the effectiveness of, and the framework for, the Group's system of 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 testing of controls that were carried out as part of their audits.

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

Review of the Work of the External Auditors

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

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

The Group has implemented a policy of controlling the provision of non-audit services by the External Auditors in order to ensure that their objectivity and independence is safeguarded. The Audit Committee also continued with the appointment of other accountancy firms to provide certain non-audit services to the Group in connection with tax, other services and anticipates that this will continue in 2023/24.

Re-appointment of Auditors

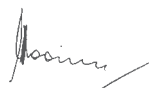
The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment for the financial year ending 31st March 2024, subject to the approval of the shareholders at the next Annual General Meeting. A full breakdown of the audit and non-Audit related fees are set out in Note No. 8 to the Consolidated Financial Statements on page 104.

Conclusion

The Audit Committee is satisfied that the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with the set rules and that systems are in place to minimise the impact of identifiable risks.

The Committee further assessed the future prospects of its business operations and is satisfied with the going concern assumption used in the preparation of the Financial Statements as being appropriate.

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



E P A Cooray

Chairman - Audit Committee

31st August 2023
Colombo

Remuneration Committee Report

Composition of the Committee

The Remuneration Committee comprises of five (05) Non-Executive Directors, three (03) of whom are Independent;

Mr. J M B Pilimatalawwe	- Non-Independent Non-Executive Director	- Chairman of the Committee
Mr. E P A Cooray	- Independent Non-Executive Director	- Member
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

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

Meetings

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

Members' Attendance at the Remuneration Committee Meetings from 01.04.2022 to 31.03.2023 is as follows.

Name of the Director	2022			2023	Meetings Attended
	30.05.2022	15.08.2022	15.11.2022	15.02.2023	
Mr. J M B Pilimatalawwe (Chairman)	√	√	√	√	4/4
Mr. E P A Cooray	√	-	√	√	3/4
Mr. R Seneviratne	√	-	√	√	3/4
Mr. S D De Mel	-	√	-	-	1/4
Mr. S A Ameresekere	√	√	√	√	4/4

Remuneration Policy

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

The Committee focuses and is responsible to ensure that the total package is competitive to attract the

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

Scope

The Committee reviews all significant changes in the corporate sector in determining salary structures and terms and conditions relating to staff at Senior Executive level. In this decision making process, necessary information and recommendations are obtained from the Chief Executive Officer. The Committee deliberates and recommends to the Board of Directors the remuneration packages and annual increments and bonuses of the Chief Executive Officer, members of the Corporate Management and Senior Executive staff and lays down guidelines for the compensation structure for all Executive staff and overviews the implementation thereof. The Chief Executive Officer who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed.

Fees

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

Professional Advice

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

Committee Evaluation

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



J M B Pilimalawwe

Chairman - Remuneration Committee

31st August 2023
Colombo

Related Party Transactions Review Committee Report

The Board has established the Related Party Transactions Review Committee in terms of Section 9 of the Listing Rules of the Colombo Stock Exchange.

Composition of the Committee

The Related Party Transactions Review Committee comprises of one (01) Executive Director and four (04) Non-Executive Directors, two (02) of whom are Independent;

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. P C B Talwatte	- Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

Meetings

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

Members' Attendance at the Related Party Transactions Review Committee Meetings from 01.04.2022 to 31.03.2023;

Name of the Director	2022			2023	Meetings Attended
	30.05.2022	15.08.2022	15.11.2022	15.02.2023	
Mr. E. P. A. Cooray (Chairman)	√	√	√	√	4/4
Mr. S. A. Ameresekere	√	√	√	√	4/4
Mr. P. V. S. Premawardhana	√	-	-	√	2/4
Mr. S. D. De Mel	-	√	-	-	1/4
Mr. P. C. B. Talwatte	√	√	√	√	4/4

The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee.

The Role and Responsibilities

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

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

- Review and pre-approve all non-recurrent related party transactions of the Company prior to approval by the Board of Directors.
- Review all related party transactions to ensure that they are in the best interests of the Company.
- Ensure that all reporting requirements of the CSE Listing Rules and other relevant statutes and regulations are met.
- Update the Board of Directors on the Related Party Transactions of the Company.
- Assess the adequacy of related party reporting systems along with the advice of the External and Internal Auditors.
- Ensure that all transactions with related parties are in the best interest of all shareholders and adequate transparency is maintained.
- Establish guidelines and policies for the management and reporting of related party transactions.

The Committee has reviewed all related party transactions during the period and has established that they are in the best interest of the Company and comply with all standards of best practice and reporting.

Policies and Procedures

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

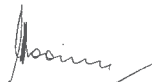
Further all related party transactions in accordance with Sri Lanka Accounting Standard 24 – (LKAS 24) – Related Party Transactions are disclosed under Note No. 34 to the Financial Statements.

Key Management Personnel

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

Declaration

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



E. P. A. Cooray

Chairman - Related Party Transactions Review Committee

31st August 2023
Colombo

Risk Management

Citrus Leisure PLC identifies that operating a business involves both risk and reward. The Group management believes that in order to ensure reward, risk needs to be managed effectively. The risk framework involves risk identification, risk assessment and risk mitigation. Risk is the probability of an undesirable outcome occurring due to a chosen activity or action.

The process of identifying potential risks and developing strategies to mitigate those risks is known as Risk Management. The benefit of identifying, managing and mitigating risks is immense for the diverse hospitality industry in which the Group operates in. Listed below are some of the risks and risk mitigation strategies used by Citrus Leisure PLC:

Risk	Mitigation Strategies
1. Safety at our Hotels Safety of our guests and staff at our hotels is our number one priority	• Adhere to latest protocols on hygiene and cleaning at Group properties • Awareness training for COVID-19 for guests and staff guests. • Comprehensive Health & safety policy framework with implementation responsibility at multiple levels • A strong safety culture at all hotels with regular fire drills, disaster recovery plans and high levels of risk awareness • Implementation of additional security checks prior to entry to our properties • Regular debriefing of staff on security related information
2. Retention of skilled talent pools High staff turnover in key segments such as travels and hotels	• Strengthening rewards and benefit schemes. • Comprehensive talent management program to build talent pipelines including succession planning • Updating Human Resources policies and practices cognizant to trends in the industry.
3. Interest Rate Risk Exposure to movements in market interest rates related to borrowings	• The Group's finance division continues to negotiate with banks and financial institutions to secure the best possible rates for the Group's borrowings and investments.

Risk	Mitigation Strategies
4. Reputation Risk Social media has elevated this key risk for the hospitality industry as every guest and stakeholder is a potential influencer.	• Maintaining high standards of service at our hotels through investments in infrastructure and training of staff to deliver consistently positive guest experiences. • Monitoring social media and guest reviews on aggregator sites by a dedicated team. • Monitoring social media and guest reviews on aggregator sites by a dedicated team. • A hospitality mindset supports our legacy and we are careful to nurture it through communication and a balanced assessment of performance.
5. Credit Risk Risk of loss arising from debtors' inability to meet their financial obligations on time	• Comprehensive credit policies and procedures are in place to verify the creditworthiness and determine the potential credit risk associated with a client • Regular follow-up on debtors
6. Cyber Risk All significant processes are supported by one or many Internet driven services	• Well-defined group-wide cyber security incident response process. • Implementation of network protection technology to manage network perimeter defence, data loss, distributed denial of service attack, mobile devices and monitor suspicious cyber activities together with regular testing and verification of controls.

Independent Auditor's Report



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Chartered Accountants
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Sri Lanka

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TO THE SHAREHOLDERS OF CITRUS LEISURE PLC

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Citrus Leisure PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics

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

Key audit matters

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

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

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. K R M Fernando FCA ACMA, Ms. P V K N Sajewani FCA, A A J R Perera ACA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

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

A member firm of Ernst & Young Global Limited



Key Audit Matter	How our audit addressed the key audit matter
Assessment of impairment of investment in associate Assessment of impairment of investment in associate As at 31 March 2023, the Group's Investment in associate amounted to Rs. 2,171 Mn which represents 22% of the total assets of the Group. As disclosed in Note 18, an assessment of impairment was carried out by the management to ascertain the recoverable amount of the investment in associate. The assessment of impairment of investment in associate was identified as a key audit matter due to; • Materiality of the reported investment in associate balance; and • Degree of assumptions, judgements and estimation uncertainties associated with assessing fair value • Key areas of significant judgements, estimates and assumptions used in assessing fair value included judgements involved in ascertaining the appropriateness of valuation techniques and valuation of the leasehold right held by the associate, as disclosed in Note 18 to the financial statements	Our audit procedures included the following; • Obtained an understanding of the Group's process of assessing impairment of investment in associate together with management assessment over lease rights held by the investee. • Assessed the competence, capability and objectivity of the external valuer engaged by the Group. • Read the external valuer's report and understood the key estimates made and the approach taken by the valuer. • Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer including judgements involved in ascertaining the appropriateness of valuation techniques and valuation of lease rights held by the associate. We have also assessed the adequacy of the disclosures made in Note 18 to these financial statements.
Assessment of fair value of land and buildings: Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. This was a key audit matter due to: • Materiality of the reported land & buildings balances which amounted to Rs. 6,822 Mn and represents 68% of the total assets • the degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of land and buildings such as reliance on comparable market transactions, and current market conditions. Key areas of significant judgements, estimates and assumptions used in assessing the fair value of the land and buildings, as disclosed in notes 13 and 14, included judgements involved in ascertaining the appropriateness of valuation techniques and estimates such as: • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings	Our audit procedures included the following; • Assessed the competency, capability and objectivity of the external valuer engaged by the Group. • Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property. • Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer including the appropriateness of valuation techniques, per perch price and value per square foot • We have also assessed the adequacy of the disclosures made in notes 13 and 14 to the financial statements.

Independent Auditor's Report



Key Audit Matter	How our audit addressed the key audit matter
Interest Bearing Borrowings: As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 4,091 Mn of which Rs. 869 Mn is reported as current liabilities and the balance Rs. 3,222 Mn as non-current liabilities. Interest bearing borrowings was a key audit matter due to: - the magnitude of the interest bearing borrowings, and - appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the financial statements	Our audit procedures included the following; - Obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements. We also factored in available moratoriums facilities and revisions to financing arrangements made during the year, - We assessed the maturity profile of the Group's interest-bearing borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements. We also, assessed the adequacy of the disclosures made in Notes 27 and 36.4 to the Financial Statements.

Other information included in the 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control

as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

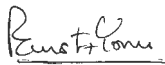
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.



31 August 2023
Colombo

Statement of Profit or Loss

Year Ended 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue from contracts with customers	5	1,625,242,078	848,526,734	62,393,389	25,453,053
Cost of sales		(628,386,257)	(283,631,723)	-	-
Gross profit		996,855,821	564,895,011	62,393,389	25,453,053
Other income and gains	6	12,932,065	21,549,305	1,792,932	1,945,218
Selling and marketing expenses		(55,577,626)	(29,677,666)	-	(188,850)
Administrative expenses		(583,326,832)	(489,706,073)	(51,103,502)	(89,692,002)
Other operating expenses		(647,887,922)	(378,438,132)	(45,692,583)	(39,638,752)
Change in fair value of investment property	14	62,770,700	-	-	-
Operating profit /(loss)		(214,233,794)	(311,377,555)	(32,609,764)	(102,121,333)
Finance costs	7.1	(920,454,211)	(373,978,320)	(48,042,090)	(25,632,639)
Finance income	7.2	10,468,914	3,115,837	39,343,226	15,350,270
Share of profit of associate	18	(158,004,779)	126,123,636	-	-
Impairment of associate	18	-	(35,935,461)	-	-
Loss before tax	8	(1,282,223,870)	(592,051,863)	(41,308,628)	(112,403,702)
Tax reversal/(expense)	9	(155,039,290)	30,229,401	(23,980)	410,402
Loss for the year		(1,437,263,160)	(561,822,462)	(41,332,608)	(111,993,300)
Loss attributable to:					
Equity holders of the parent		(1,133,778,971)	(459,298,873)	(41,332,608)	(111,993,300)
Non-controlling interests		(303,484,289)	(102,523,589)	-	-
		(1,437,263,160)	(561,822,462)	(41,332,608)	(111,993,300)
Basic/Diluted loss per share	10	(4.24)	(1.72)	(0.15)	(0.42)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 74 through 167 form an integral part of these financial statements.

Statement of Comprehensive Income

Year Ended 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Loss for the year		(1,437,263,160)	(561,822,462)	(41,332,608)	(111,993,300)
Other comprehensive income/(loss)					
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods					
Revaluation of land and buildings	13.1	196,093,252	1,127,412,710	-	-
Deferred tax effect on revaluation of land and buildings	19.1	(144,629,184)	(157,837,779)	-	-
Actuarial losses on defined benefit plan	26.1	3,657,078	90,591	(99,918)	1,710,007
Income tax effect on defined benefit plan	19.1	(1,103,119)	(183,684)	23,980	(410,402)
Share of other comprehensive income of associate	18.1	419,970	2,572,181	-	-
Other Comprehensive Income/(loss) for the year, net of tax		54,437,997	972,054,019	(75,938)	1,299,605
Total Comprehensive loss for the year, net of tax		(1,382,825,163)	410,231,557	(41,408,546)	(110,693,695)
Total comprehensive loss attributable to:					
Equity holders of the parent		(1,097,642,741)	237,624,624	(41,408,546)	(110,693,695)
Non-controlling interests		(285,182,423)	172,606,932	-	-
		(1,382,825,163)	410,231,557	(41,408,546)	(110,693,695)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 74 through 167 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	13	6,472,158,137	6,410,700,101	3,679,387	4,496,333
Investment properties	14	639,266,966	576,496,266	-	-
Right-of-use assets	15	210,881,428	273,634,744	59,482,985	64,157,063
Intangible assets	16	1,154,879	2,315,097	183,728	471,968
Investments in subsidiaries	17	-	-	3,551,794,376	3,551,794,376
Investment in associate	18	2,171,023,775	2,328,608,584	-	-
Other receivables - related parties	21	-	-	264,198,048	180,017,752
Deferred tax asset	19	36,157,123	33,762,296	-	-
		9,530,642,308	9,625,517,088	3,879,338,524	3,800,937,492
Current assets					
Inventories	20	61,315,651	39,208,825	-	-
Trade and other receivables	21	220,216,342	106,368,109	44,844,841	20,474,407
Advances and prepayments	22	49,239,946	46,505,163	3,503,479	2,783,076
Other current financial assets	23	73,181,235	63,960,774	17,185,806	14,959,423
Tax receivables		14,500,035	15,568,950	7,085,573	6,648,843
Cash and bank balances	24	43,094,601	57,859,654	25,833,063	2,942,125
		461,547,810	329,471,475	98,452,762	47,807,874
Total assets		9,992,190,118	9,954,988,563	3,977,791,286	3,848,745,366
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	25	3,256,172,662	3,256,172,662	3,256,172,662	3,256,172,662
Revaluation reserve		1,615,511,089	1,581,653,876	-	-
Retained earnings		(2,559,953,877)	(1,428,453,925)	(92,823,130)	(51,414,584)
Equity attributable to owners of the company		2,311,729,874	3,409,372,613	3,163,349,532	3,204,758,078
Non-controlling interests		1,049,217,059	1,334,399,482	-	-
Total Equity		3,360,946,933	4,743,772,095	3,163,349,532	3,204,758,078

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Non-current liabilities					
Deferred tax liability	19	655,455,310	353,870,431	-	-
Retirement benefit obligation	26	48,661,521	45,194,108	14,823,040	11,594,735
Interest bearing loans and borrowings	27	3,221,934,155	2,785,539,385	-	-
Advance received for leasehold rights	28	-	-	154,191,893	155,984,825
Lease liabilities	29	79,226,019	138,962,297	5,304,380	8,677,929
Other payables	30	-	-	16,539,906	14,717,800
		4,005,277,005	3,323,566,221	190,859,219	190,975,289
Current liabilities					
Trade and other payables	30	1,532,479,986	961,898,525	605,985,311	437,013,350
Interest bearing loans and borrowings	27	869,536,693	800,230,097	13,494,526	11,895,952
Lease liabilities	29	85,357,098	85,357,098	4,102,698	4,102,698
Contract liabilities	31	138,592,403	40,164,527	-	-
		2,625,966,180	1,887,650,247	623,582,535	453,011,999
Total Equity and Liabilities		9,992,190,118	9,954,988,563	3,977,791,286	3,848,745,366

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



Nuwan Dias

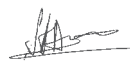
Group Finance Manager

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



E. P. A. Cooray

Chairman



S. A. Amereseekere

Director

The accounting policies and notes on pages 74 through 167 form an integral part of these financial statements.

31st August 2023

Colombo

Statement of Changes in Equity

Group		Attributable to equity holders of the parent				Non Controlling Interest	Total Equity
		Stated Capital	Revaluation Reserve	Retained Earnings	Total		
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2021		3,256,172,662	948,331,962	(1,076,656,681)	3,127,847,943	1,044,602,426	4,172,450,369
Adjustment on changes to non-controlling interest in subsidiaries		-	(63,255,726)	107,155,770	43,900,045	117,190,124	161,090,169
Net loss for the year		-	-	(459,298,873)	(459,298,873)	(102,523,589)	(561,822,462)
Other comprehensive income/(loss)							
Revaluation of land and buildings	13.1	-	807,783,974	-	807,783,974	319,628,736	1,127,412,710
Deferred tax effect on revaluation of land and buildings	19.1	-	(113,089,756)	-	(113,089,756)	(44,748,023)	(157,837,779)
Actuarial losses on defined benefit obligations	26	-	-	312,758	312,758	(222,167)	90,591
Deferred tax effect on actuarial loss on defined benefit plan	19.1	-	-	(214,787)	(214,787)	31,103	(183,684)
Share of other comprehensive income/(loss) attributable to associate, net of tax	18.1	-	1,883,422	247,887	2,131,309	440,872	2,572,181
Total other comprehensive income/(loss), net of tax		-	696,577,639	345,858	696,923,498	275,130,521	972,054,019
Total comprehensive income/(loss) for the year, net of tax		-	696,577,639	(458,953,014)	237,624,626	172,606,932	410,231,557
Balance as at 31 March 2022		3,256,172,662	1,581,653,876	(1,428,453,925)	3,409,372,613	1,334,399,482	4,743,772,095
Balance as at 01 April 2022		3,256,172,662	1,581,653,876	(1,428,453,925)	3,409,372,613	1,334,399,482	4,743,772,095
Adjustment on changes to non-controlling interest in subsidiaries		-	-	-	-	-	-
Net loss for the year		-	-	(1,133,778,971)	(1,133,778,971)	(303,484,189)	(1,437,263,160)
Other comprehensive income/(loss)							
Revaluation of land and buildings	13.1	-	149,638,331	-	149,638,331	46,454,921	196,093,252
Deferred tax effect on revaluation of land and buildings	19.1	-	(115,986,380)	-	(115,986,380)	(28,642,803)	(144,629,184)
Actuarial gain/(loss) on defined benefit obligations	26	-	-	3,060,413	3,060,413	596,665	3,657,078
Deferred tax effect on actuarial gain/(loss) on defined benefit plan	19.1	-	-	(924,119)	(924,119)	(179,000)	(1,103,119)
Share of other comprehensive income attributable to associate, net of tax	18.1	-	205,262	142,725	347,987	71,983	419,970
Total other comprehensive income/(loss), net of tax		-	33,857,213	2,279,019	36,136,232	18,301,766	54,437,998
Total comprehensive income/(loss) for the year, net of tax		-	33,857,213	(1,131,499,952)	(1,097,642,739)	(285,182,423)	(1,382,825,162)
Balance as at 31 March 2023		3,256,172,662	1,615,511,089	(2,559,953,877)	2,311,729,874	1,049,217,059	3,360,946,933

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

Figures in brackets indicate deductions.

The accounting policies and notes on pages 74 through 167 form an integral part of these financial statements.

Company	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2021		3,256,172,662	59,279,111	3,315,451,773
Net loss for the year		-	(111,993,300)	(111,993,300)
Other comprehensive income/(loss)				
Actuarial loss on defined benefit plan	26.1	-	1,710,007	1,710,007
Deferred tax effect on actuarial loss on defined benefit plan	19.1	-	(410,402)	(410,402)
Total other comprehensive loss, net of tax		-	1,299,605	1,299,605
Total comprehensive loss for the year, net of tax		-	(110,693,695)	(110,693,695)
Balance as at 31 March 2022		3,256,172,662	(51,414,584)	3,204,758,078
Balance as at 01 April 2022		3,256,172,662	(51,414,584)	3,204,758,078
Net loss for the year		-	(41,332,608)	(41,332,608)
Other comprehensive income/(loss)				
Actuarial loss on defined benefit plan	26.1	-	(99,918)	(99,918)
Deferred tax effect on actuarial loss on defined benefit plan	19.1	-	23,980	23,980
Total other comprehensive loss, net of tax		-	(75,938)	(75,938)
Total comprehensive loss for the year, net of tax		-	(41,408,546)	(41,408,546)
Balance as at 31 March 2023		3,256,172,662	(92,823,130)	3,163,349,532

The accounting policies and notes on pages 74 through 167 form an integral part of these financial statements.

Statement of Cash Flows

Year Ended 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash flows from/(used in) operating activities					
Loss before income tax expense		(1,282,223,870)	(592,051,863)	(41,308,628)	(112,403,702)
Adjustments for :					
Depreciation	13	201,764,005	191,493,147	1,246,995	1,885,141
Amortization of intangible assets	16	1,380,218	1,422,787	288,240	288,240
Depreciation of right-of-use assets	15	62,753,316	62,274,132	4,674,078	4,924,739
Deferred income on amortization of lease right	28	-	-	(1,792,932)	(1,792,932)
Fair value loss/(gain) on financial assets at fair value	7	(767,900)	(7,750)	-	-
Finance costs	7.1	920,454,211	373,978,320	48,042,090	25,632,639
Finance income	7.2	(9,221,964)	(2,819,337)	(39,343,226)	(15,350,270)
Gain on disposal of property, plant & equipment	6	(842,042)	(2,025,898)	-	-
Impairment of trade receivables		1,216,736	(680,700)	-	-
Written-off of irrecoverable tax receivables and others		(512,627)	5,327,396	-	-
Provision for defined benefit plans	26.1	12,379,659	7,744,259	3,473,387	1,791,372
Change in fair value of investment property	14	(62,770,700)	-	-	-
Impairment for related companies		-	-	301,510	45,849,092
Impairment provision for investment in associate	18	-	35,935,461	-	-
Gain on Disposal of Property Plant and Equipment		-	-	33,891	(76,372)
Disposal of existing lease rights	6	(842,042)	(2,025,898)	-	(5,723,597)
Impact on derecognition of improvements		-	-	-	4,360,529
Share of profits from investment in associate	18	158,004,779	(126,123,636)	-	-
Operating loss before working capital changes		1,613,822	(45,533,682)	24,384,594	(50,615,122)
(Increase)/decrease in inventories		(22,106,826)	(11,654,340)	-	-
(Increase)/decrease in trade and other receivables		(115,064,969)	(49,548,148)	12,723,014	13,834,319
Increase in advances & prepayments		(2,734,783)	(12,329,647)	(720,404)	(379,565)
Increase/(decrease) in contract liabilities		98,427,876	25,549,649	-	-
Increase/(decrease) in trade and other payables		750,601,596	218,211,469	122,713,542	106,651,376
Cash generated / (used in) operating activities		710,736,717	124,695,302	110,331,557	69,491,009
Finance cost paid		(591,301,289)	(57,485,943)	(2,104,929)	(1,065,379)
Tax paid		(712,257)	-	(436,725)	-
Defined benefit plan cost paid	26	(5,255,168)	(3,676,774)	(345,000)	(240,000)
Net cash flow from/(used in) operating activities		113,468,003	63,532,585	107,444,903	68,185,630

Year Ended 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment		(78,494,491)	(69,774,369)	(495,630)	(3,322,932)
Proceeds from disposal of property, plant and equipment		12,207,741	6,740,226	31,690	-
Payments made for acquisition of Right-of-use assets		-	-	(4,200,000)	(4,200,000)
Proceeds from sale of financial instruments - fair valued through profit or loss		-	-	-	-
Purchase of financial instruments - fair valued through profit or loss		-	-	-	-
Acquisition of intangible assets	16	(220,000)	(513,795)	-	-
Net proceed from disposal of subsidiary's shares		-	161,090,169	-	-
Finance income received		9,221,964	2,819,337	2,227,483	461,248
Net cash flow from/(used in) investing activities		(57,284,786)	100,361,568	(2,436,457)	(7,061,684)
Cash flows from/(used in) financing activities					
Proceeds from interest bearing loans and borrowings	27.1	602,594,309	-	-	-
Net finance from/(to) related parties		-	-	(81,489,700)	(58,026,804)
Repayment of interest bearing loans and borrowings	27.1	(582,525,927)	-	-	-
Payments under other lease liabilities	29	(85,644,046)	(90,559,050)	-	-
Net cash flows from/ (used in) financing activities		(65,575,664)	(90,559,050)	(81,489,700)	(58,026,804)
Net increase / (decrease) in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		(291,638,816)	(364,973,918)	6,005,596	2,908,454
Cash and cash equivalents at the end of the year (Note A)		(301,031,263)	(291,638,816)	29,524,343	6,005,596
Note A					
Analysis of Cash and cash equivalents					
Cash in hand and cash at bank	24	43,094,601	57,859,653	25,833,063	2,942,125
Short term deposits with original maturity less than three months	23.2	67,263,935	58,811,374	17,185,806	14,959,423
Bank overdrafts	27	(411,389,800)	(408,309,843)	(13,494,526)	(11,895,952)
Total cash and cash equivalents		301,031,263	(291,638,816)	29,524,343	6,005,596

The accounting policies and notes on pages 74 through 167 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 March 2023

1. CORPORATE INFORMATION

The consolidated financial statements of the Citrus Leisure PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2023 were authorized for issue in accordance with a resolution of the directors on 31 August 2023. The Citrus Leisure PLC (the Company or the parent) is a public limited company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded. The registered office of the Company is located at No. 56/1, Kynsey Road, Colombo 08.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the impact of existing economic circumstances on the Group and the appropriateness of the use of the going concern basis. The Company evaluated the resilience of its businesses by considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment, and the amount of undrawn borrowing facilities, and potential sources of financing facilities.

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

Comparative Information

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as for the year ended 31 March 2023.

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

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

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

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

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

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

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets

Notes to the Financial Statements

Year ended 31 March 2023

and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting under separate financial statements

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

2.2.1 Subsidiaries

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

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

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

Subsidiary	Effective Holding		Principal Activities
	2023	2022	
1. Hikkaduwa Beach Resort PLC	82.86%	82.86%	Provision of food and beverage, lodging, other hospitality industry related activities.
2. Waskaduwa Beach Resort PLC	68.63%	68.63%	
3. Citrus Sliver Limited	100%	100%	

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

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

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

Subsidiary	Effective Holding		Principal Activities
	2023	2022	
4. Citrus Aqua Limited	58.20%	58.20%	The Company carried out all range of water sports and related activities. However, the commercial operations have been ceased temporary since February 2014.
5. Citrus Vacations Limited	98%	98%	Carrying out inbound and outbound travels and business of travel agents. However, the commercial operations of the Company have been ceased temporary since April 2018.
6. Citrus Equity Limited	100%	100%	Dormant Company
7. Citrus Villas Limited	100%	100%	Dormant Company

2.2.2 Investment in Associates

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

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

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

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

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

Notes to the Financial Statements

Year ended 31 March 2023

	Effective Holding		Principal Activities
	2023	2022	
Colombo Land & Development Company PLC	20.22%	20.22%	Development and leasing out of investment property under operating leases and renting of vehicle parking.

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

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

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

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

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

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

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

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

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

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

b) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

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

All other assets are classified as non-current.

A liability is current when:

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

or

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

The Group classifies all other liabilities as non-current.

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

c) Fair value measurement

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

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

- In the principal market for the asset or liability

or

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

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

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

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

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

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

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

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

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

External valuers are involved for valuation of Land, Buildings of the Group. Involvement of external valuers is determined annually by the senior management and the board after discussion with and approval by the

Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

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

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

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

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

Fair value measurement	Disclosure Notes
Disclosures for valuation methods, significant estimates and assumptions	Notes 12, 13.3.1 and 14
Quantitative disclosures of fair value measurement hierarchy	Note 12
Investment in quoted equity shares	Notes 12 and 23.1
Property, plant and equipment under revaluation model	Note 13.3
Investment properties	Note 14
Financial Instruments (Including those carried at amortized cost)	Note 11

d) Revenue

(i) Revenue from contracts with customers

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

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

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

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Contract liabilities

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

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

(ii) Interest income

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

(iii) Rental income, other income and gains

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

(iv) Gains and losses on disposal of assets

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

(v) Dividend income

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

e) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an

asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

Deferred tax on undistributed profits of investment in associate

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

The group calculates deferred tax based on the most likely manner of reversal taking into account management's intent and the

tax jurisdiction applicable to relevant equity accounted investees.

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

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

Sales tax

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

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

f) Foreign currencies

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

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

g) Cash dividend

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

h) Property, plant and equipment

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

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of

plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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

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

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation

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

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

Useful lives as follows;

Asset	Years
Buildings	10 - 40 Years
Motor vehicles	4 Years
Furniture and fittings	6 Years
Plant & machinery	10 Years
Entertainment equipment	4 Years
Office equipment	6 Years
Gardening and other equipment	5 - 6 Years
Sundry equipment	5 Years
Linen and furnishing	3 Years
Kitchen utensils and other equipment	10 - 13 Years
Air conditioner	10 - 13 Years
Computer equipment	3 - 6 Years
Generator and transformers	15 Years
Electrical Fittings	10 Years
Crockery and Cutlery	3 Years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the

difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

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

Capital work-in-progress

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

i) Borrowing costs

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

j) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in

the ordinary course of business, used in the production of supply of goods or services or for administrative purposes.

Recognition and measurement

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

Derecognition

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property,

the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

k) Intangible assets

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

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

The useful life of intangible assets are as follows;

Computer Software	Over 4 Years
Website Development	Over 4 Years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The

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amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

l) Financial instruments – initial recognition and subsequent measurement

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

i. Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

and

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

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

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

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the group benefits from

such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

Financial assets at fair value through OCI (debt instruments)

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

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

and

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

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

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

Financial assets at fair value through profit or loss

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

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

This category includes derivative instruments and listed equity investments which the group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments

are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

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

- The rights to receive cash flows from the asset have expired
- or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the group has transferred substantially all the risks and rewards of the asset,

or

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

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

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

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

Impairment of financial assets

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

Disclosures for significant assumptions	Note 05
Financial assets	Note 23
Trade receivables	Note 21

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

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

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

ii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

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

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

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

Derecognition

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

iii) Offsetting of financial instruments

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

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

m) Inventories

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

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

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

n) Impairment of non-financial assets

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

Calculation of recoverable amount

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

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

Impairment / Reversal of impairment

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

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

o) Cash and short-term deposits

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

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

p) Assets Held for Sale

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

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

q) Provisions

General

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

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

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

r) Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in Statement of Profit or Loss in the periods during which services are rendered by employees. The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

Defined Benefit Plans

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

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

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 26. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

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

Short-term Benefits

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

s) Leases

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

Group as a lessee

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

i) Right-of-use assets

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

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estimated useful life or the lease term. Right of use assets are subject to impairment.

are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description	Period
Land and Buildings	5 - 91 Years
Motor vehicles	4 Years

ii) **Lease liabilities**

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the

commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

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

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

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation

and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting

estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

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**Disclosure of Accounting Policies -
Amendments to LKAS 1 and IFRS Practice
Statement 2**

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non-current - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify -

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

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

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

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

Capital management	Note 37
Financial risk management and objectives and policies	Note 36
Sensitivity analyses disclosures	Notes 13.3.1 and 26.3

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (pension benefits)

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

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to

change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 26.

Provision for expected credit losses of trade receivables

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

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

Recoverability of Deferred Tax Assets

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

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

Performance obligations and significant judgements

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

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

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

The Directors, after making necessary inquiries and reviews including reviews of the hotel budgets for the ensuing year. Capital expenditure requirements, future prospects along with risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the

preparation of the Financial Statements. In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the existing and anticipated effects of the current economic situation on the Company.

Fair value of freehold land and buildings

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

Fair value related disclosures for assets measured at fair value are summarized in the Note 12 to the financial statements.

Impairment of non-financial assets

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

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

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the for the following assets of the Group for which the key assumptions used are disclosed and further explained in the respective notes.

Equity Accounted Investees	Note 18.4
Cash Generating Units (CGU) of the Group	Note 13.6

subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and making certain entity-specific adjustments based on the type, terms and conditions of the lease.

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

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for

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Year ended 31 March 2023

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue				
Hotel income (Note 5.1)	1,625,242,078	848,526,734	-	-
Management fees income	-	-	62,393,389	25,453,053
	1,625,242,078	848,526,734	62,393,389	25,453,053
5.1 Hotel income				
Room revenue	692,821,030	391,997,698	-	-
Food revenue	535,433,294	318,585,751	-	-
Beverage revenue	197,737,957	106,725,790	-	-
Banquet revenue	191,701,928	29,325,032	-	-
Spa Income	6,641,784	1,258,709	-	-
Laundry income	906,084	633,754	-	-
	1,625,242,078	848,526,734	-	-

6. OTHER INCOME AND GAINS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Income from sublease	-	-	1,792,932	1,792,932
Other income from hotel related activities	72,882	44,840	-	-
Gain on foreign currency encashment	1,402,499	2,943,790	-	-
Swimming pool income	314,388	130,619	-	-
Gain on disposal of property, plant, and equipment	842,042	2,025,898	-	152,286
Shop rent income	796,245	89,109	-	-
Other sundry income*	9,504,009	16,315,049	-	-
	12,932,065	21,549,305	1,792,932	1,945,218

* In 2023, other sundry income category primarily comprises proceeds from the sale of coconuts harvested at the Kalpitya Land. In 2022, this category was primarily composed of revenue generated from the operation of an intermediary care center for Covid-19.

7. FINANCE COSTS AND INCOME

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
7.1 Finance costs				
Interest expenses on bank overdrafts	90,677,867	44,807,123	2,104,928	1,065,379
Interest expenses on lease liabilities	25,907,768	33,385,800	826,451	1,211,409
Interest expenses on bank loans	762,448,990	273,660,708	-	-
Interest on related party payables	41,419,586	21,281,009	45,110,711	23,355,851
Fair value loss on financial assets at fair value through profit or loss	-	843,680	-	-
	920,454,211	373,978,320	48,042,090	25,632,639
7.2 Finance Income				
Interest income on fixed deposits and savings accounts	9,221,964	2,819,337	2,259,934	461,248
Interest on related party receivables	-	-	37,083,292	14,889,022
Interest income - Foreign Currency exchange	32,800	-	-	-
Dividend Income	446,250	288,750	-	-
Fair value gain on financial assets at fair value through profit or loss	767,900	7,750	-	-
	10,468,914	3,115,837	39,343,226	15,350,270

Notes to the Financial Statements

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8. LOSS BEFORE TAX

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2023 Rs.
Auditors' remuneration				
- Statutory audit fee	1,890,000	165,000	370,000	305,000
- Non audit fee	493,760	463,760	128,200	123,200
Costs of defined employee benefits				
- Defined benefit plan costs	12,379,659	7,744,259	3,473,387	1,791,372
- Defined contribution plan cost - EPF and ETF	38,252,830	29,756,173	8,220,864	6,806,788
- Other staff cost	318,236,122	264,799,427	60,541,711	48,745,263
Depreciation of property, plant and equipment	201,764,005	191,493,147	1,246,994	1,885,141
Amortisation of intangible assets	1,380,218	1,422,787	288,240	288,240
Depreciation of right-of-use assets	62,753,316	62,274,132	4,674,078	4,194,892
Impairment of trade receivables	1,216,736	680,700	-	-
Impairment for related companies	-	-	301,510	45,849,092
Written-off of irrecoverable tax receivables and others	(512,627)	5,327,396	(512,627)	5,327,396
Donations	18,000	27,522	18,000	3,000
Directors' emoluments	15,000,000	11,835,000	15,000,000	11,835,000
Business promotion and advertising costs	30,060,660	12,861,865	-	-

9. TAX EXPENSE

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current income tax				
Income statement				
Current income tax charge(Note 9.1)	1,581,541	1,553,753	-	-
Income tax over provision in respect of previous years	-	-	-	-
	1,581,541	1,553,753	-	-
Deferred tax expense				
Deferred tax charge/(reversal) (Note 9.4)	153,457,749	(31,783,154)	23,980	(410,402)
Income tax expense/(reversal) reported in the statement of profit or loss	155,039,290	(30,229,401)	23,980	(410,402)

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Accounting loss before income tax	(1,282,223,870)	(592,051,863)	(41,308,628)	(112,403,702)
Share of loss/(profit) of associate	158,004,779	(126,123,636)	-	-
	(1,124,219,091)	(718,175,499)	(41,308,628)	(112,403,702)
Less: Aggregate allowable items	(163,759,842)	(437,390,874)	(5,815,173)	(45,576,437)
Add: Aggregate disallowed items	399,116,326	318,623,494	15,091,266	18,044,206
Less: Non business income	(61,302,768)	(20,058,978)	(41,136,158)	(17,295,488)
Losses exempt from tax	-	461,536,991	-	-
Less: Non taxable income	(92,288,102)	-	-	-
Business loss	(1,042,453,477)	(395,464,866)	(73,168,693)	(157,231,421)

Notes to the Financial Statements

Year ended 31 March 2023

9. TAX EXPENSE (Contd.)

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Other sources of income				
Investment income - other	6,589,756	21,831,989	-	15,350,270
Less: Interest income exempt from tax	-	(7,750)	-	-
Other taxable incomes	-	1,792,932	-	1,792,932
Less: Tax losses deducted against other sources of income	-	(17,143,202)	-	(17,143,202)
Assessable income	6,589,756	6,473,969	-	-
Less: Qualifying payments	-	1,553,753	-	-
Total taxable income	6,589,756	6,473,969	-	-
Tax on taxable income @ special rates 14%	-	-	-	-
Tax on taxable income @ normal rates 24%	1,581,541	1,553,753	-	-
Tax on taxable income @ normal rates 30%	-	-	-	-
Current income tax charge	1,581,541	1,553,753	-	-

9.2 Income tax rates

(i) Hotel operations

The profits and income of the Company arising on provision of tourism related services is liable for taxation at the rate of 14% up to 30th September 2022 and 30% thereafter (2021/22 : 14%) in terms of Revenue Act No. 24 of 2017 and amendments thereto.

Waskaduwa Beach Resort PLC

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

(ii) Other income and gains

Income from other sources are taxed at the rate of 24% up to 30th September 2022 and 30% thereafter. (2021/22 : 24%)

9. TAX EXPENSE (Contd.)

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

9.4 Deferred tax expense /(reversal)

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax arising from				
- Accelerated depreciation for tax purposes	69,425,944	349,930	-	-
- Retirement benefit obligation	(5,497,865)	(762,657)	23,980	(410,402)
- Right-of-use assets	(4,056,586)	(1,292,236)	-	-
- Revaluation of investment property to fair value	22,332,210	-	-	-
- Impairment of trade debtors	(1,381,992)	(889,850)	-	-
- Benefit arising from tax losses and others	72,636,038	(29,188,341)	-	-
Total deferred tax charge/(reversal)	153,457,749	(31,783,154)	23,980	(410,402)

9.4.1 Deferred tax charge/(reversal) recognized through;

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Statement of Profit or Loss	83,412,899	(31,783,154)	23,980	(410,402)
Charge/(reversal) arising on during the year movement	70,044,850	-	-	-
Charge/(reversal) due to change in tax rates	153,457,749	(31,783,154)	23,980	(410,402)
Other Comprehensive Income	28,338,694	(158,021,463)	-	-
Charge/(reversal) arising on during the year movement	117,393,609	-	-	-
Charge/(reversal) due to change in tax rates	145,732,303	(158,021,463)	-	-

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10 BASIC/DILUTED LOSS PER SHARE

Loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Amounts used as the numerator :				
Net loss for the year attributable to the owners of the parent	(1,133,778,971)	(459,298,873)	(41,332,608)	(111,993,300)
Amounts used as the denominator :				
Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share	267,229,723	267,229,723	267,229,723	267,229,723
Basic/diluted loss per share (Rs.)	(4.24)	(1.72)	(0.15)	(0.42)

11. FINANCIAL INSTRUMENTS

11.1 Financial assets and liabilities by categories

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

a) Financial assets by categories - Group

As at 31 March	2023		2022	
	Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Financial assets				
Other current financial assets				
- Listed equity investments	5,917,300	-	5,149,400	-
- Investments in bank deposits	-	67,263,935	-	58,811,374
Trade and other receivables	-	220,216,342	-	106,368,109
Total financial assets	5,917,300	287,480,227	5,149,400	165,179,483

As at 31 March	2023		2022	
	Fair value through profit or loss Rs.	Other Financial liabilities Rs.	Fair value through profit or loss Rs.	Other Financial liabilities Rs.
Financial liabilities				
Interest bearing loans and borrowings	-	4,901,470,848	-	3,261,512,883
Trade and other payables	-	1,105,571,606	-	582,104,262
Lease liabilities	-	164,583,117	-	281,492,645
Total financial liabilities	-	5,361,625,571	-	4,125,109,790

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11. FINANCIAL INSTRUMENTS (Contd.)

b) Financial assets by categories - Company

As at 31 March	2023		2022	
	Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Financial assets				
Trade and other receivables	-	309,042,889	-	200,492,159
Other current financial assets				
- Investments in bank deposits	-	17,185,806	-	14,959,423
Total financial assets	-	326,228,695	-	215,451,582

As at 31 March	2023		2022	
	Fair value through profit or loss Rs.	Other Financial liabilities Rs.	Fair value through profit or loss Rs.	Other Financial liabilities Rs.
Financial liabilities				
Interest bearing loans and borrowings	-	13,494,526	-	11,895,952
Trade and other payables	-	622,525,217	-	451,731,149
Lease liabilities	-	4,102,698	-	4,102,698
Total financial liabilities	-	640,122,441	-	467,729,799

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

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

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

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

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

12. FAIR VALUE MEASUREMENT

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

12.1 Group

Fair value measurement hierarchy for assets as at 31 March 2022 and 2023:

	Fair value measurement using				
	Date of valuation	Total Rs.	Quoted prices in active markets (Level 1) Rs.	Significant observable inputs (Level 2) Rs.	Significant unobservable inputs (Level 3) Rs.
Assets measured at fair value:					
As at 31 March 2023					
Non-financial assets					
Property, plant and equipment					
- Land (Note 13)	31 March 2023	1,749,933,000	-	-	1,749,933,000
- Buildings (Note 13)	31 March 2023	4,432,431,131	-	-	4,432,431,131
Investment properties					
- Land (Note 14)	31 March 2023	633,900,700	-	-	633,900,700
- Buildings (Note 14)	31 March 2023	5,366,266	-	-	5,366,266
Non financial assets as at 31 March 2023		6,821,631,097	-	-	6,821,631,097
Financial assets					
Equity instruments designated at fair value through profit or loss					
Quoted equity shares (Note 23)	31 March 2023	5,917,300	5,917,300	-	-
Financial assets as at 31 March 2023		5,917,300	5,917,300	-	-
Assets measured at fair value:					
As at 31 March 2022					
Non-financial assets					
Property, plant and equipment					
- Land (Note 13)	31 March 2022	1,636,655,000	-	-	1,636,655,000
- Buildings (Note 13)	31 March 2022	4,461,979,869	-	-	4,461,979,869
Investment properties					
- Land (Note 14)	31 March 2022	571,130,000	-	-	571,130,000
- Buildings (Note 14)	31 March 2022	5,366,266	-	-	5,366,266
Non financial assets as at 31 March 2022		6,675,131,135	-	-	6,675,131,135
Financial assets					
Equity instruments designated at fair value through profit or loss					
Quoted equity shares (Note 23)	31 March 2022	5,149,400	5,149,400	-	-
Financial assets as at 31 March 2022		5,149,400	5,149,400	-	-

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Year ended 31 March 2023

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Group

13.1.1 Gross Carrying Amounts

	Balance as at 01.04.2022 Rs.	Additions/ Transfers in Rs.	Disposals Rs.	Revaluations Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2023 Rs.
At cost or valuation						
Freehold land	1,701,520,511	-	(12,253,832)	60,666,321	-	1,749,933,000
Buildings	4,399,631,858	13,478,849	-	135,426,931	(112,775,518)	4,435,762,120
Motor vehicles	5,544,248	-	-	-	-	5,544,248
Furniture and fittings	276,126,061	3,459,225	(487,100)	-	-	279,098,186
Plant & machinery	132,452,869	4,615,591	-	-	-	137,068,460
Entertainment equipment	71,181,240	8,343,767	(89,530)	-	-	79,435,477
Office equipment	10,142,134	138,459	(221,830)	-	-	10,058,763
Gardening and other equipment	4,891,891	404,659	-	-	-	5,296,550
Sundry equipment	25,044,974	187,169	-	-	-	25,232,143
Linen and furnishing	81,319,939	4,295,998	-	-	-	85,615,937
Kitchen utensils and other equipment	173,824,854	7,896,087	-	-	-	181,720,941
Air conditioner	247,603,265	2,036,959	-	-	-	249,640,224
Computer equipment	28,283,423	2,047,010	-	-	-	30,330,433
Generator	48,804,092	11,308,991	-	-	-	60,113,083
Electrical fittings	119,682,460	3,272,893	-	-	-	122,955,353
Crockery and cutlery	14,295,667	1,816,787	(1,201,853)	-	-	14,910,601
Total value of depreciable assets	7,340,349,486	63,302,444	(14,254,145)	196,093,252	(112,775,518)	7,472,715,519

	Balance as at 01.04.2022 Rs.	Incurred during the Rs.	Transfers out Rs.	Revaluations Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2023 Rs.
Building work in progress	255,000	15,447,047	(255,000)	-	-	15,447,047
	255,000	15,447,047	(255,000)	-	-	15,447,047
Total gross carrying amount	7,340,604,486	78,749,491	(14,509,145)	196,093,252	(112,775,518)	7,488,162,566

13. PROPERTY, PLANT AND EQUIPMENT (Contd.)**13.1.2 Depreciation**

	Balance as at 01.04.2022 Rs.	Charge for the year Rs.	Disposals Rs.	Transfers on Transfers on Rs.	Balance as at 31.03.2023 Rs.
At cost or valuation					
Buildings	2,517,501	113,589,006	-	(112,775,518)	3,330,989
Motor vehicles	5,544,248	-	-	-	5,544,248
Furniture and fittings	257,286,675	6,872,426	(98,532)	-	264,060,569
Plant & machinery	101,180,914	13,230,747	-	-	114,411,661
Entertainment equipment	58,879,007	5,936,919	(89,530)	-	64,726,396
Office equipment	6,336,574	438,086	(156,249)	-	6,618,411
Gardening and other equipment	463,872	343,117	-	-	806,989
Sundry equipment	20,710,886	1,219,717	-	-	21,930,603
Linen and furnishing	68,140,730	7,843,182	-	-	75,983,912
Kitchen utensils and other equipment	118,826,386	16,654,675	-	-	135,481,061
Air condition	139,138,509	17,234,425	-	-	156,372,934
Computer equipment	22,488,370	2,411,198	-	-	24,899,568
Generator	28,057,539	3,480,998	-	-	31,538,537
Electrical fitting	88,622,703	10,081,159	-	-	98,703,862
Crockery and cutlery	11,710,472	2,428,349	(2,544,134)	-	11,594,687
Total depreciation	929,904,386	201,764,005	(2,888,445)	(112,775,518)	1,016,004,428

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Year ended 31 March 2023

13. PROPERTY, PLANT AND EQUIPMENT (Contd.)

13.1.3 Net Book Values

	2023 Rs.	2022 Rs.
At cost or valuation		
Freehold land	1,749,933,000	1,701,520,511
Buildings	4,432,431,131	4,397,114,358
Motor vehicles	-	-
Furniture and fittings	15,037,617	18,839,386
Plant & machinery	22,656,799	31,271,955
Entertainment equipment	14,709,081	12,302,233
Office equipment	3,440,352	3,805,560
Gardening and other equipment	4,489,561	4,428,019
Sundry equipment	3,301,540	4,334,088
Linen and furnishing	9,632,025	13,179,209
Kitchen utensils and other equipment	46,239,880	54,998,468
Air condition	93,267,290	108,464,756
Computer equipment	5,430,865	5,795,053
Generator	28,574,546	20,746,553
Electrical fittings	24,251,490	31,059,757
Crockery and cutlery	3,315,914	2,585,195
	6,456,711,090	6,410,445,101
In the course of construction		
Building work in progress	15,447,047	255,000
	15,447,047	255,000
Total carrying amount of property, plant and equipment	6,472,158,137	6,410,700,101

13.1.4 During the financial year, the Group acquired property, plant and equipment for cash to the aggregate value of Rs. 78,494,491/- (2022: Rs. 69,774,369/-).

13. PROPERTY, PLANT AND EQUIPMENT (Contd.)**13.2 Company****13.2.1 Gross carrying amounts**

	Balance as at 01.04.2022 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2023 Rs.
At cost				
Buildings	2,108,002	-	-	2,108,002
Furniture and fittings	5,219,025	-	-	5,219,025
Office equipment	4,417,507	462,130	(221,830)	4,657,807
Sundry equipment	77,684	-	-	77,684
Kitchen utensils and other equipment	2,719,177	33,500	-	2,752,677
Electrical fittings	-	-	-	-
	14,541,395	495,630	(221,830)	14,815,195

13.2.2 Depreciation

	Balance As At 01.04.2022 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2023 Rs.
At cost				
Buildings	269,109	538,212	-	807,321
Furniture and fittings	4,430,581	147,590	-	4,578,171
Office equipment	3,381,645	382,185	(156,249)	3,607,581
Sundry equipment	34,286	9,648	-	43,934
Kitchen utensils and other equipment	1,929,441	169,360	-	2,098,801
Electrical fitting	-	-	-	-
Total depreciation	10,045,062	1,246,995	(156,249)	11,135,808

Notes to the Financial Statements

Year ended 31 March 2023

13. PROPERTY, PLANT AND EQUIPMENT (Contd.)

13.2.3 Net book values

	2023 Rs.	2022 Rs.
At cost		
Buildings	1,300,681	1,838,893
Furniture and fittings	640,854	788,444
Office equipment	1,050,226	1,035,862
Sundry equipment	33,750	43,398
Kitchen utensils and other equipment	653,876	789,736
Total carrying amount of property, plant and equipment	3,679,387	4,496,333

13.2.4 During the financial year, the Company acquired property, plant and equipment for cash to the aggregate value of Rs.495,630/- (2022: Rs. 3,322,932/-).

13.3 Revaluation of land and buildings

The freehold land and buildings belonging to Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC were revalued by Mr. T. M. H. Mutaliph - D.I.V – F.P (CTC - Sri Lanka), Chartered Valuer as at 31 March 2023. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 March 2023. Such assets were valued based on market based evidence and depreciated replacement cost method. The surplus arising from the revaluation was transferred to the revaluation reserve.

13. PROPERTY, PLANT AND EQUIPMENT (Contd.)

13.3.1 Valuation technique, inputs and relationship with fair value

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

Property	Valuation technique	Effective date of valuation	Significant unobservable inputs	Sensitivity of the input to the fair value
Lands	<u>Open market value method</u> This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	31 March 2023	Price per perch of land Rs. 1,500,000	Estimated fair value would increase/ (decrease) if :- Price per perch increases/ (decreases)
Buildings	Depreciated replacement cost method	31 March 2023	Rate per square feet of building Rs. 6,000 - Rs. 19,000	Estimated fair value would increase/ (decrease) if :- Rate per square feet increases/ (decreases)

Notes to the Financial Statements

Year ended 31 March 2023

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

Company	Location	Property	No. of Buildings	Ownership	Extent	Carrying value Rs.
Hikkaduwa Beach Resort PLC	No. 400, Galle Road, Hikkaduwa.	Land Building	- 01	Freehold Freehold	312.1 Perches 80,700 Sq. ft	518,650,000 851,715,000
Waskaduwa Beach Resort PLC	No. 427, Kudawaskaduwa, Waskaduwa.	Land Building	- 04	Freehold Freehold	1378.60 Perches 263,740 Sq. ft	1,231,283,000 3,568,507,500

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

Class of assets	Cost Rs.	Cumulative depreciation if assets were carried at cost Rs.	Net carrying amount 2023 Rs.	Net carrying amount 2022 Rs.
Lands	869,823,714	-	869,823,714	869,823,714
Buildings	3,266,270,910	(511,527,478)	2,754,743,432	2,761,160,808
	4,136,094,624	(511,527,478)	3,624,567,146	3,630,984,522

13.6 Impairment assessment of property, plant and equipment

Hotel properties were identified as separate CGUs by the group for purposes of assessing impairment. The impairment test was carried out for the Group's Hotel properties in subsidiaries considering their fair value less cost to sell and value in use. In determining the recoverable value for the CGU, following assumptions were applied. The recoverable amount of the CGU was higher than the book value as of 31 March 2023, and no impairment loss was recognized.

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

	2023 Rs.	2022 Rs.
Discount Rate :	18.24% - 20.35%	18.24% - 20.35%
Terminal growth rate :	2.5% - 3%	2.5% - 3%
Price per perch of land :	Rs. 1,500,000	Rs. 825,000 - Rs. 1,350,000
Price per perch of land :	Rs. 6,000 - Rs. 19,000	Rs. 5,000 - Rs. 23,000

14. INVESTMENT PROPERTY

	Group	
	2023 Rs.	2022 Rs.
Carrying value		
At the beginning of the year	576,496,266	576,496,266
Change in fair value during the year	62,770,700	-
At the end of the year	639,266,966	576,496,266
The details relating to assets were classified as held for sale as at 31 March are stated below;		
Assets		
Land	633,900,700	571,130,000
Buildings	5,366,266	5,366,266
	639,266,966	576,496,266

Valuation details of investment property

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

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

Notes to the Financial Statements

Year ended 31 March 2023

14. INVESTMENT PROPERTY (Contd.)

Description of valuation techniques used to valuation on investment properties:

Property	Location	Method of valuation	Significant unobservable inputs	Effective date of valuation	Value Rs.
Land	Munaithottam, Pasikkudah, Kalkudah.	Open market value method	Estimated price per perch Rs. 185, 165	31 March 2023	400,613,200
Land	Kajuwatta Road, Mukkuthoduwawa, Madurankuliya	Open market value method	Estimated price per perch Rs. 28,125 - 34,375	31 March 2023	233,287,500

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

	Land and buildings Rs.	Total 2023 Rs.	Total 2022 Rs.
Cost			
As at 1 April	450,181,678	450,181,678	450,181,678
New lease entered during the year	-	-	-
As at 31 March	450,181,678	450,181,678	450,181,678
Accumulated depreciation			
As at 1 April	176,546,934	176,546,934	114,272,802
Depreciation charge for the year	62,753,316	62,753,316	62,274,132
As at 31 March	239,300,250	239,300,250	176,546,934
Carrying value	210,881,428	210,881,428	273,634,744

15.2 Company

	Land and buildings	
	2023 Rs.	2022 Rs.
Cost		
As at 1 April	81,255,423	81,255,423
Transferred from previously recognised leasehold properties	-	-
Transferred from advance payments	-	-
As at 31 March	81,255,423	81,255,423
Accumulated depreciation		
As at 1 April	17,098,360	12,903,468
Depreciation charge for the year	4,674,078	4,194,892
As at 31 March	21,772,438	17,098,360
Carrying value	59,482,985	64,157,063

Notes to the Financial Statements

Year ended 31 March 2023

16. INTANGIBLE ASSETS

16.1 Group

	Website Development Cost Rs.	Computer Software Rs.	2023 Rs.	2022 Rs.
Cost				
At the beginning of the year	1,567,775	8,013,470	9,581,245	9,067,450
Acquisitions during the year	-	220,000	220,000	513,795
At the end of the year	1,567,775	8,233,470	9,801,245	9,581,245
Amortization				
At the beginning of the year	1,567,775	5,698,373	7,266,148	5,843,361
Amortization for the year	-	1,380,218	1,380,218	1,422,787
At the end of the year	1,567,775	7,078,591	8,646,366	7,266,148
Carrying amount	-	1,154,879	1,154,879	2,315,097

16.2 Company

	Computer Software	
	2023 Rs.	2022 Rs.
Cost		
At the beginning of the year	1,257,639	1,257,639
Acquisitions during the year	-	-
At the end of the year	1,257,639	1,257,639
Amortization		
At the beginning of the year	785,671	497,431
Amortization for the year	288,240	288,240
At the end of the year	1,073,911	785,671
Carrying amount	183,728	471,968

17 INVESTMENT IN SUBSIDIARIES - COMPANY

	2023 Rs.	2022 Rs.
Investment in subsidiaries - Quoted (Note 17.1)	3,488,915,800	3,488,915,800
Investment in subsidiaries - Non-quoted (Note 17.2)	62,878,576	62,878,576
Total carrying value of investments in subsidiaries	3,551,794,376	3,551,794,376

17.1 Investment in subsidiaries - Quoted

	Holding		Carrying value	
	2023 %	2022 %	2023 Rs.	2022 Rs.
Hikkaduwa Beach Resort PLC	82.86%	82.86%	3,488,915,800	3,488,915,800
Total Quoted Investment in Subsidiaries			3,488,915,800	3,488,915,800

17.2 Investment in subsidiaries - Non-quoted

	Holding		Carrying value	
	2023 %	2022 %	2023 Rs.	2022 Rs.
Citrus Aqua (Pvt) Ltd.	58.20%	58.20%	12,000,000	12,000,000
Citrus Vacations Limited	97.76%	97.76%	25,612,000	25,612,000
Citrus Equity Limited	100%	100%	10	10
Citrus Silver Limited	100%	100%	25,266,556	25,266,556
Citrus Villas Limited	100%	100%	10	10
Total non-quoted investment in subsidiaries			62,878,576	62,878,576

17.3 Impairment of investment in subsidiary

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

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18. INVESTMENT IN ASSOCIATE

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

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

Carrying value of the investment	2023 No of shares	2022 No of shares	2023 Rs.	2022 Rs.
Colombo Land & Development Company PLC	40,413,200	40,413,200	2,328,608,584	2,235,848,227
Share of profit of associate			(158,004,779)	126,123,636
Share of other comprehensive income/(loss) of associate			419,970	2,572,181
			2,171,023,775	2,364,544,044
Impairment of investment of associate			-	(35,935,461)
Group's carrying amount of the investment			2,171,023,775	2,328,608,584

18.1 Summarised Financial information of associate - Group

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

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Statement of financial position		
Current assets	199,412,435	188,050,486
Non- current assets	13,124,182,383	13,109,579,370
Current liabilities	(279,581,829)	(186,390,530)
Non- current liabilities	(5,058,928,595)	(4,474,419,858)
Total equity	7,985,084,394	8,636,819,468

18. INVESTMENT IN ASSOCIATE (Contd.)**18.1 Summarised statement of profit or loss and other comprehensive income**

	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
Revenue	335,354,143	323,593,092
Direct expenses	(117,558,879)	(101,834,039)
Other operating income	55,658,867	17,845,089
Change in fare value of investment properties	149,163,652	131,451,930
Fair valuation of biological assets	3,947,219	-
Selling and marketing expenses	(11,424,543)	(12,830,176)
Administrative expenses	(103,624,631)	(88,912,662)
Finance expenses	(327,685,231)	(207,436,089)
Finance income	-	(456,746)
Profit before tax	(16,169,403)	61,420,399
Tax expenses	(765,258,782)	562,336,456
Profit for the year	(781,428,185)	623,756,855
Group's share of profit for the year	(158,004,779)	126,123,636
Other comprehensive income		
Other comprehensive income/(loss) for the year	2,077,004	12,720,973
Group's share of other comprehensive income/(loss) for the year	419,970	2,572,181

18.2 Contingent liabilities

The associate does not have significant contingent liabilities as at 31 March 2022 and 2023.

18.3 Market value of the investment as at 31 March,

	2023 Rs.	2022 Rs.
Market value of a share	20.10	24.90
Market value of the investment	812,305,320	1,006,288,680

Notes to the Financial Statements

Year ended 31 March 2023

18.4 The Group performed an impairment test of the carrying value of the investment considering indicators of impairment identified as at 31 March 2023. There was no impairment required as the carrying amount of the investment did not fall below its recoverable value.

In performing the impairment test, the Group engaged KPMG Sri Lanka to determine the fair value of the investment held in Colombo Land and Development Company PLC. The investment in associate has been considered as a single cash-generating unit, assuming the associate to operate as is with no expansionary capital expenditure projections. Thereby, fair value of Colombo Land and Development Company PLC is equivalent to the Value In Use, which was considered as the recoverable value.

Multiple valuation techniques were used in arriving at the recoverable value of the investment, out of which the recoverable value was concluded based on the Market Multiples based valuation considering the historical 3-year average price-to-book-value multiple of Colombo Land and Development Company PLC.

Valuation method used	Value In Use
Fair value hierarchy	Level 1
Recoverable value identified	Rs.2,187,566,516/-

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

The following table demonstrates the sensitivity of the Group's profit before tax as affected through an impact on the deep discount rate assuming all other variables being held constant.

	Assumed impact due to Increase/ (decrease) in basis points	Effect on Profit Before Tax had the assumed impact taken place as at 31.03.2023
Group		Rs.
Change in deep discount rate	+ 250 basis points	(51,560,135)
Change in deep discount rate	- 250 basis points	-

19. DEFERRED TAXATION

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax assets	(36,157,123)	(33,762,296)	-	-
Deferred tax liabilities	655,455,310	353,870,431	-	-
Net deferred tax liabilities	619,298,187	320,108,135	-	-

19.1 Net deferred tax liabilities

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	320,108,134	193,869,825	-	-
Amount origination/ (reversal) of temporary differences				
- Recognised in profit or loss				
Accelerated depreciation for tax purposes	69,425,944	349,930	-	-
Right-of-use assets	(4,056,586)	(1,292,236)	-	-
Retirement benefit obligation	(5,497,865)	(762,657)	23,980	(410,402)
Carried forward business losses	72,636,038	(29,188,341)	-	-
Impairment of trade debtors	(1,381,993)	(889,850)	-	-
Revaluation of investment property to fair value	22,332,210	-	-	-
- Recognised in other comprehensive income				
Revaluation of land and buildings	144,629,184	157,837,779	-	-
Actuarial gains and losses on defined benefit plans	1,103,119	183,684	(23,980)	410,402
At the end of the year	619,298,187	320,108,134	-	-

Notes to the Financial Statements

Year ended 31 March 2023

19. DEFERRED TAXATION (Contd.)

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax liability				
Capital allowances for tax purpose	127,502,720	58,076,775	-	-
Deferred tax effect on revaluation of land and buildings	542,095,555	375,134,161	-	-
Right-of-use assets	-	-	-	-
Deferred tax assets				
Right-of-use assets	(7,216,698)	(3,160,112)	-	-
Carried forward business losses	(31,712,889)	(104,348,927)	-	-
Retirement benefit obligation	(9,098,658)	(4,703,913)	-	-
Impairment Provision on Trade Receivable	(2,271,843)	(889,850)	-	-
	619,298,187	320,108,134	-	-

19.3 Unrecognised deferred tax

Deferred tax asset of Rs. 64,360,002/- of Citrus Leisure PLC and ("Company") has not been recognised in the statement of financial position as the management is of the opinion that the reversal of the taxable asset will not be crystallised in the foreseeable future.

The Group recognizes a deferred tax asset on unused tax losses which is expected to reduce the future tax expense based on the Group's forecasted business plans. However, Deferred tax Assets have not been recognized for unused tax losses amounting to Rs. 465,360,862/- by the Company and Rs.4,438,248,973,-/ by the group.

20. INVENTORIES

	Group	
	2023 Rs.	2022 Rs.
Food & Beverage	33,596,371	23,118,060
House Keeping and Maintenance	10,024,544	5,058,223
Other Stocks	17,694,736	11,032,542
	61,315,651	39,208,825

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade debtors - Others	184,917,671	85,439,342	-	-
- Related parties (Note 21.3)	9,120,260	11,501,909	-	-
Total trade debtors (Note 21.1)	194,037,931	96,941,251	-	-
Less: Impairment for trade debtors (Note 21.2)	(22,422,349)	(21,205,613)	-	-
Other receivables - Related parties (Note 21.3)	171,615,582	75,735,638	-	-
- Others	1,797,898	6,370,056	364,462,655	255,285,416
Less: Impairment for related companies	46,802,862	24,262,415	267,164	592,162
	-	-	(55,686,930)	(55,385,420)
	220,216,342	106,368,109	309,042,889	200,492,159
		-		
Current trade and other receivables	220,216,342	106,368,109	44,844,841	20,474,407
Non-current other receivables - related parties	-	-	264,198,048	180,017,752

Notes to the Financial Statements

Year ended 31 March 2023

21. TRADE AND OTHER RECEIVABLES (Contd.)

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

Group	Total Rs.	Past due but not impaired				
		< 30 days	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days
		Rs.	Rs.	Rs.	Rs.	Rs.
2023						
Trade Debtors	194,037,931	15,741,580	1,326,848	5,561,782	3,129,633	168,278,088
Less: Impairment for trade debtors	(22,422,349)	-	-	-	-	(22,422,349)
	171,615,582	15,741,580	1,326,848	5,561,782	3,129,633	145,855,739
2022						
Trade Debtors	96,941,251	7,873,604	460,587	1,521,966	205,870	59,554,981
Less: Impairment for trade debtors	(21,205,613)	-	-	-	-	(21,205,613)
	75,735,638	7,873,604	460,587	1,521,966	205,870	38,349,368

21.2 Impairment of debtors

Management has carried out an impairment provision based on the simplified approach of ECL method. Management considered 100% ECL for debtors aged more than 365 days in determining the provision matrix for ECL.

The Group has considered the current decline in the tourism industry due to the impact from the pandemic and current economic recession as a specific factor to the economic environment. The Management has monitored the effect of the global economic downturn to its travel agents through frequent discussions with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly. All above receivables are due from well-established travel agents and most of the dues are still within the credit period. The Management has considered the subsequent settlements of receivables and results of negotiations with travel agents on arriving the default rates.

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

21. TRADE AND OTHER RECEIVABLES (Contd.)**21.3 Trade and other Receivables -Related Parties**

	Relationship	Group					
		2023			2022		
		Total	Current-Trade	Current-Other	Total	Current-Trade	Current-Other
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
George Steuarts Health (Pvt) Ltd.	Affiliate Company	1,270,493	1,270,493	-	863,279	863,279	-
George Stuart Solutions (Pvt) Ltd.	Affiliate Company	1,936,748	138,850	1,797,898	6,581,906	211,850	6,370,056
George Stuart Travel Limited	Affiliate Company	506,972	506,972	-	938,757	938,757	-
Hardtalk (Pvt) Limited	Affiliate Company	37,069	37,069	-	129,027	129,027	-
HVA Foods PLC	Affiliate Company	173,731	173,731	-	97,243	97,243	-
Triad (Pvt) Ltd.	Affiliate Company	4,003,518	4,003,518	-	3,760,688	3,760,688	-
George Stuart Investment (Pvt) Ltd.	Affiliate Company	-	-	-	13,360	13,360	-
Power House Limited	Affiliate Company	2,310,658	2,310,658	-	4,070,588	4,070,588	-
Liberty Publishers (Pvt) Ltd.	Affiliate Company	657,217	657,217	-	1,395,365	1,395,365	-
Colombo Land & Development Company PLC	Associate entity	21,752	21,751	-	21,751	21,751	-
		10,918,158	9,120,260	1,797,898	17,871,964	11,501,908	6,370,056

Other Receivables -Related Parties

	Relationship	Company					
		2023			2022		
		Total	Current	Non-current	Total	Current	Non-current
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Waskaduwa Beach Resort PLC	Subsidiary	1,581,977	1,581,977	-	-	-	-
Hikkaduwa Beach Resort PLC	Subsidiary	60,720,640	23,073,441	37,647,199	25,828,317	4,453,294	21,375,023
Citrus Vacation Limited	Subsidiary	55,686,930	-	55,686,930	55,385,420	1,279,883	54,105,537
Citrus Silver Limited	Subsidiary	244,675,210	18,124,362	226,550,848	167,701,623	7,779,011	159,922,612
		362,664,757	42,779,780	319,884,977	248,915,360	13,512,188	235,403,172

Notes to the Financial Statements

Year ended 31 March 2023

22. ADVANCES AND PREPAYMENTS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Advances	25,297,260	13,286,672	-	-
Prepayments	9,934,618	18,658,748	1,085,979	565,576
Deposits	14,008,068	14,559,743	2,417,500	2,217,500
	49,239,946	46,505,163	3,503,479	2,783,076

23. OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Equity instruments designated at fair value through profit or loss				
Listed equity investments (Note 23.1)	5,917,300	5,149,400	-	-
Other financial assets at amortized cost				
Investments in bank deposits (Note 23.2)	67,263,935	58,811,374	17,185,806	14,959,423
Total other financial assets	73,181,235	63,960,774	17,185,806	14,959,423

23.1 Investment in quoted securities - current - Group

	No. of shares		Carrying value	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Asian Hotels and Properties PLC	9,200	9,200	404,800	340,400
Sampath Bank PLC	105,000	105,000	5,512,500	4,809,000
	114,200	114,200	5,917,300	5,149,400

23 OTHER CURRENT FINANCIAL ASSETS (Contd.)**23.2 Investments in bank deposits**

	Credit Rating	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sampath Bank PLC	AA-(Ika)	58,882,211	51,494,052	17,185,806	14,959,423
Hatton National Bank PLC	AA-(Ika)	8,381,724	7,317,323	-	-
		67,263,935	58,811,375	17,185,806	14,959,423

Impairment of investments in fixed deposits

Management has assessed the provision of impairment of fixed deposits by considering the credit ratings of these institutions and considering other economic factors and concluded that the resulting impairment provision is immaterial to the financial statements.

24. CASH AND BANK BALANCES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash in hand	10,298,924	2,658,036	-	-
Cash at bank	32,795,677	55,201,618	25,833,063	2,942,125
	43,094,601	57,859,654	25,833,063	2,942,125

25. STATED CAPITAL

	2023		2022	
	Number	Rs.	Number	Rs.
Issued and fully-paid - ordinary shares				
As at the beginning of the year	267,229,723	3,256,172,662	267,229,723	3,256,172,662
Issue of shares	-	-	-	-
As at the end of the year	267,229,723	3,256,172,662	267,229,723	3,256,172,662

Notes to the Financial Statements

Year ended 31 March 2023

26. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 01 April	45,194,108	41,217,214	11,594,735	11,753,370
Current service cost	5,600,543	4,859,054	1,734,177	968,636
Interest cost	6,779,116	2,885,205	1,739,210	822,736
Actuarial (gain)/loss arising from changes in assumptions	(3,657,078)	(90,591)	99,918	(1,710,007)
Payments made during the year	(5,255,168)	(3,676,774)	(345,000)	(240,000)
Balance as at 31 March	48,661,521	45,194,108	14,823,040	11,594,735

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Expense recognized in profit or loss				
Current service cost	5,600,543	4,859,054	1,734,177	968,636
Interest cost	6,779,116	2,885,205	1,739,210	822,736
	12,379,659	7,744,259	3,473,387	1,791,372
Actuarial gains and losses recognized directly in OCI				
Recognized during the period	(3,657,078)	(90,591)	99,918	(1,710,007)

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2023. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The liability is not externally funded.

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

26. RETIREMENT BENEFIT OBLIGATION (Contd.)**26.2 Assumptions used**

The principal assumptions used were as follows,

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Discount rate	23%	15%	23%	7%
Future salary increment rate	18%	10%	18%	10%
Staff turnover rates	9% - 41%	6% - 45%	9%	3%
Retirement age	60 years	60 years	60 years	60 years

26.3 Sensitivity of assumptions used

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

A Sensitivity analysis was carried out as follows,

	Expected future salaries		Discount Rate	
	+1% Rs.	-1% Rs.	+1% Rs.	-1% Rs.

Company**A one percentage point change**

Effect on defined benefit obligation liability	(1,872,485)	(4,086,951)	(4,053,675)	(1,881,716)
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Group**A one percentage point change**

Effect on defined benefit obligation liability	(5,387,246)	(9,293,814)	(9,157,476)	(5,489,283)
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The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

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

Notes to the Financial Statements

Year ended 31 March 2023

26. RETIREMENT BENEFIT OBLIGATION (Contd.)

26.4 Maturity analysis of the payments

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Less than or equal 1 year	15,425,532	14,327,598	3,135,758	2,255,903
Over 1 year and less than or equal 2 years	20,971,163	8,613,777	7,889,417	845,149
Over 2 years and less than or equal 5 years	6,501,911	15,561,470	1,174,185	5,565,351
Over 5 years and less than or equal 10 years	4,459,121	4,834,240	1,446,063	1,482,333
Over 10 years	1,303,794	1,677,023	1,177,617	1,445,999
Total expected payments	48,661,521	45,014,108	14,823,040	11,594,735

- 26.5 The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 2.6 years (2022: 2.89 years).

27 INTEREST BEARING LOANS AND BORROWINGS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Other Financial Liabilities				
Current Interest - bearing loans and borrowings				
Bank loans (Note 27.1)	458,146,893	391,920,253	-	-
Bank overdrafts	411,389,800	408,309,844	13,494,526	11,895,952
	869,536,693	800,230,097	13,494,526	11,895,952
Non-Current Interest - bearing loans and borrowings				
Bank Loans (Note 27.1)	3,221,934,155	2,785,539,385	-	-
	3,221,934,155	2,785,539,385	-	-
Total Interest-bearing loans and borrowings	4,091,470,848	3,585,769,482	13,494,526	11,895,952

27. INTEREST BEARING LOANS AND BORROWINGS (Contd.)**27.1 Bank Loans - Group**

	As at 01.04.2022	Obtained during the year	Interest accrued during the moratorium period	Repayments	As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.	Rs.
Sampath Bank PLC	2,355,033,894	533,096,194	336,521,626	(500,999,506)	2,723,652,208
Hatton National Bank PLC	190,343,231	-	38,351,037	(20,434,651)	208,259,617
National Development Bank PLC	50,000,000	69,498,115	-	(52,798,115)	66,700,000
Pan Asia Banking Corporation PLC	561,353,730	-	76,918,403	-	638,272,133
Commercial Bank PLC	-	-	14,185,802	(1,500,000)	12,685,802
Nations Trust Bank PLC	20,728,781	-	16,576,162	(6,793,655)	30,511,288
	3,177,459,636	602,594,309	482,553,030	(582,525,927)	3,680,081,048

	2023 Rs.	2022 Rs.
Current	458,146,893	391,920,253
Non-current	3,221,934,155	2,785,539,385
	3,680,081,048	3,177,459,638

Notes to the Financial Statements

Year ended 31 March 2023

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

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Citrus Leisure PLC								
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the fixed deposits + applicable margin percentage payable monthly together with statutory taxes	On demand	Overdraft Agreement for Rs. 11,490,000/- & Lien over funds lying to the credit of following Fixed Deposits in the name of the company and its successive renewal together with a Company Letter of Set – Off	13,494,526	11,895,952	17,185,806	14,959,423
Waskaduwa Beach Resort PLC								
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the Fixed Deposits + applicable margin percentage payable monthly together with statutory taxes	On demand	Overdraft agreement for Rs. 17,250,000/- & Lien over funds lying to the credit of following fixed deposits in the name of the company and its successive renewal together with a company Letter of Set	18,658,641	15,082,487	26,131,028	22,725,423
Sampath Bank PLC								
Sampath Bank PLC	Permanent Overdraft	AWPLR+2% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	On demand	Overdraft agreement for Rs. 75,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	77,887,933	45,187,222	4,799,790,500	4,809,320,000
Sampath Bank PLC								
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	120 Monthly Instalments	"Loan agreement for Rs. 844,400,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor."	844,400,000	-	4,799,790,500	-

27 INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

27.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility			Carrying value of asset pledged		
					2023 Rs.	2022 Rs.	2021 Rs.	2023 Rs.	2022 Rs.	2021 Rs.
Sampath Bank PLC	Mortatorium Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	60 Monthly Instalments	* Loan agreement for Rs. 533,000,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by JR Alahakone Licensed Surveyor.*	519,649,105	-	-	4,799,790,500	-	-
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	120 Monthly Instalments	* Loan agreement for Rs. 540,000,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by JR Alahakone Licensed Surveyor.*	540,000,000	-	-	4,799,790,500	-	-

Notes to the Financial Statements

Year ended 31 March 2023

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

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sampath Bank PLC	Term Loan Facility	15.5% Per annum payable monthly together with statutory taxes	60 Monthly Instalments	"Loan agreement for Rs. 540,000,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor."	270,625,468	-	4,799,790,500	-
				"Loan agreement for Rs. 602,000,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor."	-	530,000,000	-	4,809,320,000
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% pa. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	134 Monthly Instalments	Loan agreement for Rs. 1,048,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor."	-	833,900,000	-	4,809,320,000
				Loan agreement for Rs. 1,048,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor."	-	833,900,000	-	4,809,320,000

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

27.2 Security and repayment terms

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sampath Bank PLC	Moratorium Loan Facility	10% Per annum payable monthly together with statutory taxes	60 Monthly Instalments	Loan agreement for Rs.209,870,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	-	97,078,840	-	4,809,320,000
					-	4,882,935	-	4,809,320,000
Sampath Bank PLC	Moratorium Loan Facility	10% Per annum payable monthly together with statutory taxes	60 Monthly Instalments	Loan agreement for Rs.11,780,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	-	4,882,935	-	4,809,320,000
					-	4,882,935	-	4,809,320,000
Sampath Bank PLC	Saubagya Covid-19 Renaissance Loan Facility	4% Per annum payable monthly together with statutory taxes	15 Monthly Instalments	Loan agreement for Rs.15,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	7,500,000	15,000,000	4,799,790,500	4,809,320,000
					7,500,000	15,000,000	4,799,790,500	4,809,320,000

Notes to the Financial Statements

Year ended 31 March 2023

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

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sampath Bank PLC	Saubhagya Covid-19 Renaissance Loan Facility	19.4% Per annum payable monthly together with statutory taxes	15 Monthly Instalments	Loan agreement for Rs.9,800,000/- - primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	3,769,200	9,800,000	4,799,790,500	4,809,320,000
Sampath Bank PLC (397961000493)	Term Loan Facility - Amalgamated of Interest Moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Instalments	Loan Agreement of Rs.137,270,658/08. Existing mortgage/s will be kept as an additional security.	-	113,114,297	-	-
Sampath Bank PLC (397961000492)	Term Loan Facility - Amalgamated of Interest Moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Instalments	Loan Agreement of Rs.7,691,587/31. Existing mortgage/s will be kept as an additional security.	-	6,259,182	-	-
Sampath Bank PLC (397961000487)	Term Loan Facility - Amalgamated of Interest Moratorium	5.8% Per annum payable monthly together with statutory taxes	24 Monthly Instalments	Loan Agreement of Rs.112,547,244/36. Existing mortgage/s will be kept as an additional security.	-	103,547,244	-	-

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

27.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sampath Bank PLC (397961000486)	Term Loan Facility - Amalgamated	5.8% Per annum payable monthly together with	24 Monthly Instalments	Loan Agreement of Rs. 168,655,418/35. Existing mortgage/s will be kept as an additional security.	-	156,425,448	-	-
	of Interest	statutory taxes						
	Moratorium							
Commercial Bank of Ceylon PLC	Term Loan Facility	Interest Free	9 Monthly Instalments	property called 'Sanathuduwa' situated in Kalpitaya and morefully depicted as Lots 1, 2, 3 & 4 in Plan No. 1765 dated 16th May 2011 by J.R. Alahakoon (L.S.), in extent of 78 A : 3 R : 1.00 P which is the amalgamation of the lands owned by the Hikkaduwa Beach Resort PLC under the Deed of Transfer No. 513 dated 14th February 2011, and the land obtained on lease by the company from Asia Sports Management (Pvt) Ltd, an affiliated Company under the Deed of Lease No. 6289 dated 08th December 2010, and which is sub-leased to Hikkaduwa Beach Resort PLC (former Kalpitaya Beach Resort PLC) under the Deed of Sub Lease No. 514 dated 14th February 2011.	13,185,803	-	233,287,500	-
Commercial Bank of Ceylon PLC	Permanent Overdraft	AWPLR+2.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	On demand	property called 'Sanathuduwa' situated in Kalpitaya and morefully depicted as Lots 1, 2, 3 & 4 in Plan No. 1765 dated 16th May 2011 by J.R. Alahakoon (L.S.), in extent of 78 A : 3 R : 1.00 P which is the amalgamation of the lands owned by the Hikkaduwa Beach Resort PLC under the Deed of Transfer No. 513 dated 14th February 2011, and the land obtained on lease by the company from Asia Sports Management (Pvt) Ltd, an affiliated Company under the Deed of Lease No. 6289 dated 08th December 2010, and which is sub-leased to Hikkaduwa Beach Resort PLC (former Kalpitaya Beach Resort PLC) under the Deed of Sub Lease No. 514 dated 14th February 2011.	50,407,355	52,413,608	233,287,500	227,450,000

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Year ended 31 March 2023

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

27.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Hikkaduwa Beach Resort PLC								
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	40 Monthly Instalments	Loan Agreement for Rs. 480,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC.	-	78,600,000	-	1,279,359,000
Sampath Bank PLC	Term Loan Facility	AWPLR+2.0% p.a. payable monthly together with statutory taxes. (AWPLR to be reviewed monthly)	84 Monthly Instalments	Loan Agreement for Rs. 140,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	-	129,500,000	-	1,279,359,000
Sampath Bank PLC	Term Loan Facility (Moratorium)	10% p.a. (fixed) payable monthly together with statutory taxes.	60 Monthly Instalments	Loan Agreement for Rs. 53,100,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	-	27,262,837	-	1,279,359,000
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	120 Monthly Instalments	Loan Agreement for Rs. 210,400,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC.	210,400,000	-	1,370,365,000	
Sampath Bank PLC	Term Loan Facility	AWPLR+2.0% p.a. payable monthly together with statutory taxes. (AWPLR to be reviewed monthly)	120 Monthly Instalments	Loan Agreement for Rs. 140,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	140,000,000	-	1,370,365,000	

27. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)
27.25 security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Hikkaduwa Beach Resort PLC								
Sampath Bank PLC	Term Loan Facility (Moratorium)	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	60 Monthly Instalments	Loan Agreement for Rs. 95,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004 & a Letter of Undertaking from Citrus Leisure PLC	95,000,000	-	1,370,365,000	-
Sampath Bank PLC	Term Loan Facility	15.5% p.a. payable monthly together with statutory taxes	60 Monthly Instalments	Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004 & a Letter of Undertaking from Citrus Leisure PLC	63,088,358	-	1,370,365,000	-
Sampath Bank PLC	Term Loan Facility	10% p.a. payable monthly together with statutory taxes	28 Monthly Instalments	Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004 & a Letter of Undertaking from Citrus Leisure PLC	17,527,837	-	1,370,365,000	-
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	11 Monthly Instalments	Loan Agreement for Rs. 9,600,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004 & a Letter of Undertaking from Citrus Leisure PLC	3,692,240	9,600,000	1,370,365,000	1,279,359,000
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	15 Monthly Instalments	Loan Agreement for Rs. 15,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004 & a Letter of Undertaking from Citrus Leisure PLC	7,500,000	15,000,000	1,370,365,000	1,279,359,000

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

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Hikkaduwa Beach Resort PLC								
Sampath Bank PLC	Term Loan Facility	5.8% Per annum	24 Monthly Instalments	Loan Agreement of Rs.214,573,869.56.	-	163,424,111	-	1,279,359,000
	- Amalgamated of Interest Moratorium	payable monthly together with statutory taxes		Existing mortgage/s will be kept as an additional security.				
Sampath Bank PLC	Term Loan Facility	5.8% Per annum	24 Monthly Instalments	Loan Agreement of Rs.214,573,869.56.	-	26,976,214	-	1,279,359,000
	- Amalgamated of Interest Moratorium	payable monthly together with statutory taxes		Existing mortgage/s will be kept as an additional security.				
Sampath Bank PLC	Term Loan Facility	5.8% Per annum	24 Monthly Instalments	Loan Agreement of Rs.214,573,869.56.	-	34,662,785	-	1,279,359,000
	- Amalgamated of Interest Moratorium	payable monthly together with statutory taxes		Existing mortgage/s will be kept as an additional security.				
National Development Bank PLC	Short Term Loan	15.5% Per annum	24 Monthly Instalments	Shares of Waskaduwa Beach Resort PLC worth of LKR 333,334,000/- which shall be deposited in a Slash Account jointly with the Bank maintained at NDB securities (Private) Limited as per condition 8.2 (v) in the Letter of offer No of Shares 196,078,432	66,700,000	50,000,000	549,019,610	795,718,447
	Term Loan Facility	14.5% with a rebate of 2%	75 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	298,919,213	314,471,213	811,210,660	2,328,608,584

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

27.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Hikkaduwa Beach Resort PLC								
Pan Asia Banking Corporation PLC	Term Loan Facility (Moratorium)	1 Year TB Rate+3% p.a with a rebate of 2% pa	24 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	4,870,717	11,716,717	811,210,660	2,328,608,584
Pan Asia Banking Corporation PLC	Term Loan Facility	24.00%	24 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	53,681,523	235,165,800	811,210,660	2,328,608,584
Pan Asia Banking Corporation PLC	Permanent Overdraft	24.84%	24 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	195,151,000	244,642,147	811,210,660	2,328,608,584
Pan Asia Banking Corporation PLC	Term Loan Facility	24.84%	24 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	27,258,130	-	811,210,660	-
Pan Asia Banking Corporation PLC	Term Loan Facility	24.84%	24 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	57,388,660	-	811,210,660	-
Pan Asia Banking Corporation PLC	Term Loan Facility	24.84%	24 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	196,153,892	-	811,210,660	-

Notes to the Financial Statements

Year ended 31 March 2023

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

27.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Hikkaduwa Beach Resort PLC								
Nations Trust Bank PLC	Permanent Overdraft	Weekly AWPLR+5.0% p.a.	On demand	Overdraft Agreement for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	10,428,703	21,668,543	-	-
Nations Trust Bank PLC	Term Loan Facility	06 Month AWPLR+3.25% p.a.	60 Monthly Instalments	Term Loan Facility for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	18,716,608	19,949,690	-	-
Nations Trust Bank PLC	Term Loan Facility	0% Interest	2 Monthly Instalments	Term Loan Facility for Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	779,091	779,091	-	-
Hatton National Bank PLC	Term Loan	AWPLR+2.0% p.a. payable monthly together with statutory taxes. (AWPLR to be reviewed monthly)	84 Monthly Instalments	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantee from Citrus Leisure PLC	69,792,318	95,112,000	400,613,200	343,680,000
Hatton National Bank PLC	Term Loan	15% p.a	21 Monthly Instalments.	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantee from Citrus Leisure PLC	10,117,413	26,975,000	400,613,200	343,680,000

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

27.2 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023	2022	2023	2022
					Rs.	Rs.	Rs.	Rs.
Hikkaduwa Beach Resort PLC								
Hatton National Bank PLC	Term Loan	8.92% p.a	24 Monthly Instalments.	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – LS officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeyunga (Frv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantee from Citrus Leisure PLC	10,635,660	10,000,000	400,613,200	343,680,000
Hatton National Bank PLC	Term Loan - Moratorium	4% p.a	24 Monthly Instalments.	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – LS officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeyunga (Frv) belonging to Hikkaduwa Beach Resort PLC	13,534,693	25,000,000	400,613,200	343,680,000
Hatton National Bank PLC	Term Loan - Moratorium	10% p.a	24 Monthly Instalments.	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – LS officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeyunga (Frv) belonging to Hikkaduwa Beach Resort PLC	80,427,978	33,256,230	400,613,200	343,680,000

Notes to the Financial Statements

Year ended 31 March 2023

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

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Hikkaduwa Beach Resort PLC								
Hatton National Bank PLC	Permanent Overdraft	FD Rate + 2%	On demand	Overdraft Agreement for Rs. 9,400,000/- & Lien over funds lying to the credit of following Fixed Deposits in the name of the company and its successive renewal together with a Company Letter of Set – Off	7,951,329	6,818,994	7,203,468	7,203,468
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the Fixed Deposits + applicable margin percentage payable monthly together with statutory taxes	On demand	Overdraft Agreement for Rs. 9,400,000/- & Lien over funds lying to the credit of following Fixed Deposits in the name of the company and its successive renewal together with a Company Letter of Set – Off	15,565,377	10,536,131	13,809,206	13,809,206

28. ADVANCE RECEIVED FOR LEASEHOLD RIGHTS

	Company	
	2023 Rs.	2022 Rs.
At the beginning of the year	157,777,757	159,570,689
Deferred income on amortization of lease right	(1,792,932)	(1,792,932)
At the end of the year	155,984,825	157,777,757
Current advance received for leasehold rights	1,792,932	1,792,932
Non-Current advance received for leasehold rights	154,191,893	155,984,825

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

29. LEASE LIABILITIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	224,319,395	281,492,645	12,780,627	21,337,968
Lease entered during the year	-	-	-	-
Transferred from interest bearing loans and borrowings	-	-	-	-
Interest expense	25,907,768	33,385,800	826,451	1,211,409
Payments	(85,644,046)	(90,559,050)	(4,200,000)	(9,768,750)
At the end of the year	164,583,117	224,319,395	9,407,078	12,780,627
Current lease liabilities	85,357,098	85,357,098	4,102,698	4,102,698
Non-current lease liabilities	79,226,019	138,962,297	5,304,380	8,677,929

Notes to the Financial Statements

Year ended 31 March 2023

29.1 Total amount recognised in profit or loss

The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Depreciation expense of right-of-use assets	62,753,316	62,274,132	4,674,078	4,194,892
Interest expense on lease liabilities	25,907,768	33,385,800	826,451	1,211,409
Expense relating to short-term leases (included in administrative expenses)	1,125,100	1,125,100	-	-
Expense relating to short-term leases (included in other operating expenses)	617,679	617,679	-	-
Expense relating to leases of low-value assets (included in administrative expenses)	1,180,000	1,180,000	-	-
Total amount recognised in profit or loss	91,583,863	98,582,711	5,500,529	5,406,301

29.2 Details of lease liabilities recognised due to ROU assets

Company	Nature of the lease activities	Remaining lease period as at 31.03.2023 (No. of years)
Citrus Leisure PLC	Lease land and building	3
Citrus Silver Limited	Lease land and building	3.2 - 3.9
Hikkaduwa Beach Resort PLC	Lease land	87.8

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

30 TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Trade payables - others	88,078,160	51,481,438	-	-
- Related parties (Note 30.1)	8,510,224	11,260,600	-	-
Sundry creditors including accrued expenses	426,908,380	172,223,446	10,410,766	7,498,232
Notes payable	276,168,148	178,659,611	12,998,313	11,863,199
Other payables - others	57,481,565	61,510,633	-	-
- Related parties (Note 30.1)	675,333,509	486,762,797	596,153,206	429,406,787
Tenant deposits- Related parties	-	-	1,170,000	1,170,000
Advance received for leasehold rights (Note 28)	-	-	1,792,932	1,792,932
	1,532,479,986	961,898,525	622,525,217	451,731,150
Non-current other payables	-	-	16,539,906	14,717,800
Current trade and other payables	1,532,479,986	961,898,525	605,985,311	437,013,350

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

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

Notes to the Financial Statements

Year ended 31 March 2023

30. TRADE AND OTHER PAYABLE (Contd.)

30.1

Other Payables to Related Parties - Group

	Relationship	2023			2022		
		Total	Current-Trade	Current - Other	Total	Current-Trade	Current - Other
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
George Steuart & Company Limited	Parent Company	672,967,832	-	672,967,832	485,965,340	-	485,965,340
Triad (Pvt) Ltd	Affiliate Company	2,007,560	2,007,560	-	1,921,160	1,921,160	-
Divasa Equity (Pvt) Ltd	Affiliate Company	806,623	806,623	-	806,623	806,623	-
George Steuart Health (Pvt) Ltd.	Affiliate Company	138,780	138,780	-	33,000	33,000	-
George Steuart Consumer (Pvt) Ltd.	Affiliate Company	2,574,525	2,574,525	-	3,128,047	3,128,047	-
HVA Foods PLC	Affiliate Company	2,392,713	27,036	2,365,677	768,647	71,190	697,457
Adpack Productions (Pvt) Ltd	Affiliate Company	393,200	393,200	-	663,200	663,200	-
George Steuart Teas (Pvt) Ltd	Affiliate Company	-	-	-	-	-	-
George Steuart Solutions (Pvt) Ltd	Affiliate Company	1,195,887	1,195,887	-	3,438,693	3,438,693	-
George Steuart Laboratories (Pvt) Ltd	Affiliate Company	51,435	51,435	-	347,178	347,178	-
George Steuart Investments	Affiliate Company	8,681	8,681	-	-	-	-
Emagewise (Private) Ltd	Affiliate Company	883,252	883,252	-	757,252	757,252	-
Printage (Pvt) Ltd	Affiliate Company	375,703	375,703	-	71,415	71,415	-
Hammer BTL (Pvt) Ltd	Affiliate Company	47,542	47,542	-	22,843	22,843	-
George Steuart Capital (Pvt) Ltd	Affiliate Company	-	-	-	100,000	-	100,000
		683,843,733	8,510,224	675,333,509	498,023,398	11,260,602	486,762,797

Other Payables to Related Parties - Company

	Relationship	2023			2022		
		Total	Non current	Current - Other	Total	Non current	Current - Other
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
George Steuart & Company Limited	Parent Company	578,817,632	-	578,817,632	414,243,339	-	414,243,340
Citrus Aqua Limited	Subsidiary	17,335,574	16,539,906	795,668	15,063,447	14,717,800	345,647
George Steuart Capital (Pvt) Ltd	Affiliate Company	-	-	-	100,000	-	100,000
		596,153,206	16,539,906	579,613,300	429,406,786	14,717,800	414,688,987

31. CONTRACT LIABILITIES

	Company	
	2023	2022
	Rs.	Rs.
Advance received for future room reservations	128,459,695	31,219,746
Advance received for future banquet reservations	8,480,598	7,392,567
Advance received for cancelled banquet reservations	1,652,110	1,552,248
	138,592,403	40,164,560

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

32. MATERIAL PARTLY-OWNED SUBSIDIARIES

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

32.1 Non-controlling interest (NCI) in subsidiaries

Year ended 31 March	2023		2022	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
NCI Percentage (%)	31.37%	17.14%	25.45%	17.14%

32.2 Summarised statement of total comprehensive income

Year ended 31 March	2023		2022	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
Revenue	749,295,592	450,407,316	350,847,137	232,611,118
Cost of sales	(295,446,874)	(139,384,823)	(111,063,242)	(64,079,947)
Administrative expenses	(313,010,867)	(137,458,239)	(243,689,455)	(109,641,618)
Finance costs	(508,911,304)	(330,538,441)	(159,009,019)	(147,547,564)
Profit/(loss) before tax	(709,275,113)	(382,008,799)	(339,959,090)	(66,972,680)
Income tax	1,108,366	(158,661,149)	(572,997)	28,672,020
Profit/(loss) for the year	(708,166,747)	(540,669,949)	(340,532,088)	(38,300,660)
Total comprehensive income/(loss) for the year	(644,197,075)	(550,964,896)	422,438,636	170,556,547

Notes to the Financial Statements

Year ended 31 March 2023

32.3 Summarised statement of financial position

As at 31 March	2023		2022	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
Current assets	153,083,834	167,210,733	98,495,489	112,414,538
Non-current assets	4,983,705,254	6,417,877,658	5,024,326,896	6,328,306,441
Current liabilities	(681,374,618)	(816,709,724)	(431,034,273)	(611,782,894)
Non-current liabilities	(2,553,773,508)	(1,491,258,847)	(2,145,950,074)	(1,000,853,453)
Total equity	1,901,640,963	4,277,199,820	2,545,838,038	4,828,084,632

32.4 Summarised cash flow information

Year ended 31 March	2023		2022	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
Operating	(35,642,555)	(102,871,349)	(35,642,555)	(102,871,349)
Investing	(730,797)	153,928,022	(730,797)	153,928,022
Financing	37,135,175	(55,628,092)	37,135,175	(55,628,092)
Net increase / (decrease) in cash and cash equivalents	761,824	(4,571,420)	761,823	(4,571,419)

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

33. RELATED PARTY DISCLOSURES

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

33.1 Terms and conditions of transactions with related parties

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

Outstanding balances at the year-end are unsecured and interest is charge at 12% (2021/2022 : 10%) for George Steuart & Co. Ltd, and other related party balances are subject to an interest at AWPLR [six (06) months] up to December 2022 and 12% from January 2023 (2021/22 AWPLR [six (06) months]).

The details of guarantees provided to the banks on behalf of related parties are disclosed in Note 34.2.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.3.2 (a) and 9.3.2 (b) are on page 22 - Annual Report of the Board of Directors on the Affairs of the Company.

33. RELATED PARTY DISCLOSURES (Contd.)

33.2 Transaction with the parent and related entities - Group

Details of significant related party disclosures are as follows:

Nature of transactions	Parent Company		Affiliate entities*		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April	(485,965,340)	(326,075,944)	5,823,034	8,890,657	(480,142,304)	(317,185,284)
Recurrent transactions						
Fund transfer from	(132,500,000)	(110,000,000)	-	-	(132,500,000)	(110,000,000)
Expenses incurred on behalf of the Company	-	-	(4,901,115)	(2,962,807)	(4,901,115)	(2,962,807)
Expenses incurred on behalf of the related party	-	-	-	1,316,578	-	1,316,578
Inter-company interest expense	(42,714,559)	(22,457,396)	-	-	(42,714,559)	(22,457,396)
WHT deducted on inter company interest expense	640,267	-	-	-	640,267	-
Other settlements made	10,000,000	-	42,088,371	19,846,196	52,088,371	19,846,196
Settlement payments received for expenses incurred on behalf of the related party	-	-	(4,590,410)	-	(4,590,410)	-
Building lease payable	(86,169,500)	(82,296,000)	-	-	(86,169,500)	(82,296,000)
Settlement of building leases	63,741,300	54,864,000	43,557	-	63,784,857	54,864,000
Trading nature transactions (sales)	-	-	11,035,929	13,093,696	11,035,929	13,093,696
Settlements for trading nature transactions (sales receipts)	-	-	(13,893,981)	(10,313,936)	(13,893,981)	(10,313,936)
Purchase of goods/ services	-	-	(35,563,128)	(24,047,350)	(35,563,128)	(24,047,350)
As at 31 March	(672,967,832)	(485,965,340)	42,257	5,823,034	(672,925,575)	(480,142,304)
Included in						
Trade and other receivables - current (Note 21.1)	-	-	10,918,159	17,881,091	10,918,158	17,881,091
Trade and other payable - current (Note 30.1)	(672,967,832)	(485,965,340)	(10,875,901)	(12,058,057)	(683,843,733)	(498,023,397)
	(672,967,832)	(485,965,340)	42,257	5,823,034	(672,925,575)	(480,142,306)

* Affiliate Companies include: Triad (Pvt) Limited, Divasa Equity (Pvt) Ltd, George Steuart Consumer (Pvt) Ltd, George Steuart Solutions (Pvt) Ltd, Power House Limited, Adpack Productions (Pvt) Ltd, Emagewise (Pvt) Ltd, George Steuart Capital (Pvt) Ltd, George Steuart Travels (Pvt) Ltd, Printage (Pvt) Ltd, Triad Digital (pvt) Ltd, George Steuart Health (Pvt) Ltd, George Steuart Investment (Pvt) Ltd, Hard Talk (Pvt) Ltd, Liberty Publishers (Pvt) Ltd, Hammer BTL (Pvt) Ltd, HVA Food PLC and Colombo Land & Development Company PLC.

Notes to the Financial Statements

Year ended 31 March 2023

33 RELATED PARTY DISCLOSURES (Contd.)

33.3 Transaction with the parent, subsidiaries and related entities- Company

Nature of Transaction	Parent Company		Subsidiaries		Affiliate entities*		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April	(414,243,340)	(281,785,943)	232,681,913	174,501,534	6,270,056	5,262,249	(175,291,371)	(102,022,161)
Recurrent transactions								
Fund transfer from	(132,500,000)	(110,000,000)	-	-	-	-	(132,500,000)	(110,000,000)
Fund transfer to	-	-	147,390,360	133,350,000	-	-	147,390,360	133,350,000
Expenses incurred on behalf of the company	-	-	(1,567,620)	(148,167)	-	-	(1,567,620)	(148,167)
Expenses incurred on behalf of the related parties	-	-	37,167,730	18,772,969	-	814,233	37,167,730	19,587,202
Inter-company interest income	-	-	37,083,292	14,889,022	-	-	37,083,292	14,889,022
Inter-company interest expense	(42,714,559)	(22,457,397)	(2,396,151)	(898,454)	-	-	(45,110,711)	(23,355,851)
Interest and other settlements made	10,000,000	-	100,000	2,171,108	4,187,836	3,277,672	14,287,836	5,448,780
WHT deducted on intercompany interest expenses	640,267	-	24,024	-	(4,581,284)	-	(3,916,993)	-
WHT deducted on inter-company interest income	-	-	(404,263)	-	-	-	(404,263)	-
Funds received for interest, management fees, and other settlements	-	-	(167,085,517)	(146,052,301)	-	-	(167,085,517)	(146,052,301)
Management fees	-	-	62,393,389	25,453,053	-	-	62,393,389	25,453,053
Collection made by the company on behalf of others	-	-	(1,227,974)	(7,446,851)	-	-	(1,227,974)	(7,446,851)
Goods/ Service obtained	-	-	-	-	(4,078,710)	(3,084,098)	(4,078,710)	(3,084,098)
Non-recurrent transactions								
Non-refundable deposit paid on behalf of the related parties	-	-	-	-	-	-	-	-
Refundable deposit paid on behalf of the related parties	-	-	-	-	-	-	-	-
As at 31 March	(578,817,632)	(414,243,340)	344,159,183	232,681,913	1,797,898	6,270,056	(232,860,551)	(175,291,371)
Included in								
Trade and other receivables - non current (Note 21.3)	-	-	319,884,977	235,403,172	-	-	319,884,977	235,403,172
Trade and other receivables - current (Note 21.3)	-	-	42,779,780	13,512,188	1,797,898	6,370,056	44,577,678	19,882,244
Trade and other payable - non current (Note 30.1)	-	-	(16,539,906)	(14,717,800)	-	-	(16,539,906)	(14,717,800)
Trade and other payable - current (Note 30.1)	(578,817,632)	(414,243,340)	(795,668)	(345,647)	-	(100,000)	(579,613,300)	(414,688,987)
Trade and other payable - Tenant Deposits (Note 30)	-	-	(1,170,000)	(1,170,000)	-	-	(1,170,000)	(1,170,000)
	(578,817,632)	(414,243,340)	344,159,183	232,681,913	1,797,898	6,270,056	(232,860,551)	(175,291,371)

* Affiliate Companies include Triad (Pvt) Limited, George Stewart Consumer (Pvt) Ltd, Adpack Productions (Pvt) Ltd, Enmagewise (Pvt) Ltd, George Stewart Capital (Pvt) Ltd, George Stewart Travels (Pvt) Ltd, Hammer BTL (Pvt) Ltd and Printage (Pvt) Ltd.

33. RELATED PARTY DISCLOSURES (Contd.)**33.4 Key Management Personnel (KMP)**

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

KMP of the Company

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

KMP of the Group

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

33.4.1 Other Transactions with Key Management Personnel**Loans to Directors**

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

Key Management Personnel Compensation

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

Other Transactions with Key Management Personnel

Details of Directors and their spouses' shareholdings are given in the Annual Report of the Directors' on the Affairs of the Company on page 18.

Notes to the Financial Statements

Year ended 31 March 2023

34. COMMITMENTS AND CONTINGENCIES

34.1 Commitments

(a) Capital Commitments

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

(b) Operating Lease Commitments

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

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Not later than 1 year	5,054,400	5,054,400	5,054,400	5,054,400
Later than 1 year and no later than 5 years	9,266,400	14,320,800	9,266,400	14,320,800
	14,320,800	19,375,200	14,320,800	19,375,200

34.2 Contingent Liabilities

Citrus Leisure PLC has provided Corporate Guarantees of Rs.623 Mn to Hatton National Bank PLC and Rs. 50 Mn to Nations Trust Bank PLC, on behalf of its subsidiary companies of Hikkaduwa Beach Resort PLC and Citrus Silver Limited. Based on the information currently available, the directors do not expect a liability to arise from these Guarantees.

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

35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 Overview

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

- Market risk
- Liquidity risk
- Credit risk

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

36.2 Risk management framework

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

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

36.3 Market risk

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

The sensitivity analyses in the following sections relate to the position as at 31 March 2022 and 2023.

Notes to the Financial Statements

Year ended 31 March 2023

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

36.3.1 Interest rate risk

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

Interest rate sensitivity

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

		Change in Profit before tax	
		2023	2022
		Rs.	Rs.
Change in basis point	+50 (0.5%)	(15,976,880)	(15,887,298)
Change in basis point	-50 (-0.5%)	15,976,880	15,887,298
Change in basis point	+500 (5%)	(159,768,801)	(158,872,982)
Change in basis point	-500 (-5%)	159,768,801	158,872,982
Change in basis point	+1000 (10%)	(368,008,105)	(317,745,964)
Change in basis point	-1000 (-10%)	368,008,105	317,745,964

36.3.2 Foreign exchange risk

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

		Change in Profit before tax	
		2023	2022
		Rs.	Rs.
Change in exchange rate (USD)	+5%	184,516	193,897
Change in exchange rate (USD)	-5%	(184,516)	(193,897)
Change in exchange rate (USD)	+25%	922,578	969,486
Change in exchange rate (USD)	-25%	(922,578)	(969,486)
Change in exchange rate (Euro)	+5%	232,052	292,974
Change in exchange rate (Euro)	-5%	(232,052)	(292,974)
Change in exchange rate (Euro)	+25%	1,160,261	1,464,868
Change in exchange rate (Euro)	-25%	(1,160,261)	(1,464,868)

Foreign currency exchange rates

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

As At	31.03.2023	31.03.2022
United States Dollar (USD)	318.28	288.74
Euro	346.72	325.72

Notes to the Financial Statements

Year ended 31 March 2023

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

36.4 Liquidity risk

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

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

Maturity analysis - Group

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

	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
As at 31 March 2023					
Financial liabilities					
Interest bearing loans and borrowings	411,389,800	547,090,150	1,672,216,528	958,152,959	3,588,849,437
Lease liabilities	-	85,357,098	179,420,800	-	264,777,898
Trade and other payables	-	1,532,479,986	-	-	1,532,479,986
	411,389,800	2,164,927,233	1,851,637,328	958,152,959	5,386,107,320

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
As at 31 March 2022					
Financial liabilities					
Interest bearing loans and borrowings	408,309,844	547,090,150	1,672,216,528	958,152,959	3,261,512,882
Lease liabilities	-	85,357,098	179,420,800	-	264,777,898
Trade and other payables	-	961,898,525	-	-	961,898,525
	408,309,844	1,594,345,773	1,851,637,328	958,152,959	4,488,189,305

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

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

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

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
As at 31 March 2022					
Financial liabilities					
Interest bearing loans and borrowings	11,895,952	-	-	-	11,895,952
Lease liabilities	-	4,102,698	8,677,929	-	12,780,627
Trade and other payables	-	437,013,350	14,717,800	-	451,731,150
	11,895,952	441,116,048	23,395,729	-	476,407,729

Notes to the Financial Statements

Year ended 31 March 2023

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

36.5 Credit risk

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

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

	2023 Rs.	2022 Rs.
Trade and other receivables	242,638,691	127,573,722
Investments in bank deposits	67,263,935	58,811,374
Cash at bank	32,795,677	55,201,618
	342,698,303	241,586,714

Trade and other receivables

The maximum exposure to the credit risk of the trade and other receivables in the statement of financial position as at 31 March 2022 and 2023 is the carrying amounts as disclosed in Note 20.

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

	2023 Rs.	2022 Rs.
Individual debtors	14,959,168	15,365,781
Corporate debtors	205,257,174	91,002,328
	220,023,136	106,368,109

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. For these receivables the estimated impairment losses (if any) are recognized in a separate provision for impairment. Details of trade receivables aging and provision is provided in Note 21.1 to the financial statements.

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

36.5 Credit risk

Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 110.3 mn at 31 March 2023 (2022 -Rs. 116.6 mn) which represents its maximum credit exposure on these assets.

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

Sampath Bank PLC – AA-(lka)

Commercial Bank of Ceylon PLC – AA+(lka)

Hatton National Bank PLC– AA+(lka)

People's Bank – AA+(lka)

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

National Development Bank PLC - A+(lka)

Bank of Ceylon - AA+ (lka)

Nations Trust Bank PLC - A(lka)

Union Bank of Colombo PLC - BBB-(lka)

37. CAPITAL MANAGEMENT

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

The capital of the company consist of the following:

Equity capital

- Ordinary share capital

Debt

- Long term bank borrowings
- Long term related party borrowings

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

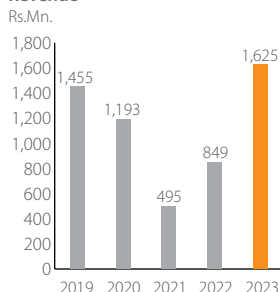
1. Maintain sufficient capital to meet minimum regulatory requirements. (Companies Act).
2. Group's future developments, investments and business strategies.

The Gearing ratio of the Group is 96% (2022 - 74%) and the Company is 0.52% (2022 - 0.46%). The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions, and continues looking for ways of improving its capital structure in order to support the Group's Business strategies.

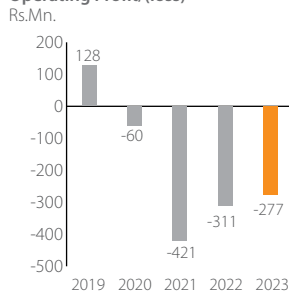
Five Year Summary

Year ended 31 March	2023 Rs. 000	2022 Rs. 000	2021 Rs. 000	2020 Rs. 000	2019 Rs. 000
TRADING RESULTS					
Revenue	1,625,242	848,527	494,930	1,193,500	1,454,625
Operating profit /(loss)	(277,004)	(311,378)	(421,082)	(60,042)	127,990
Profit/(loss) before tax	(1,282,224)	(592,052)	(746,927)	(429,968)	(302,872)
Tax (expense)/reversal	(155,039)	30,229	31,619	6,829	6,881
Profit/(loss) after tax	(1,437,263)	(561,822)	(715,308)	(423,139)	(295,991)
Profit/(loss) attributable to owners of the parent	(1,133,779)	(459,299)	(604,345)	(365,870)	(237,497)
Non-controlling interest	(303,484)	(102,524)	(110,963)	(57,269)	(58,494)
Funds employed					
Stated capital	3,256,173	3,256,173	3,256,173	3,256,173	2,403,276
Capital reserves	1,615,511	1,581,654	948,332	706,664	709,775
Revenue reserves	(2,559,954)	(1,428,454)	(1,076,657)	(561,897)	(668,104)
Equity attributable to owners of the company	2,311,730	3,409,373	3,127,848	3,400,940	2,444,947
Non-controlling interests	1,049,217	1,334,399	1,044,602	926,093	1,458,644
Borrowings	3,221,934	2,785,539	2,517,320	2,620,282	2,911,317
Assets Employed					
Non-current assets	9,530,642	9,625,517	8,592,905	8,284,289	7,823,692
Current assets	461,548	329,471	214,143	292,901	581,501
Current liability of borrowings	1,532,480	961,899	810,183	439,929	696,421
Capital employed	6,582,881	7,529,311	6,689,771	6,947,314	6,814,908
Cashflow					
Net cash inflow/(outflow) from operating activities	113,468	63,533	(154,516)	101,351	(391,396)
Net cash inflow/(outflow) from investing activities	(57,285)	100,362	132,065	(93,092)	192,301
Net cash inflow/(outflow) from financing activities	(65,576)	(90,559)	26,905	41,213	1,021,392
Increase /(decrease) in cash and cash equivalents	(9,392)	73,335	4,455	49,471	822,297
Key Indicators					
Earnings/(loss) per Share - Basic (Rs.)	(4.24)	(1.72)	(2.26)	(1.47)	(2.46)
Dividend per share (Rs.)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Net assets value per share (Rs.)	8.65	12.76	11.70	12.73	25.30
Market price per share (Rs.)	5.80	5.80	8.30	5.80	4.20
Return on capital employed (%)	-4.21%	-4.1%	-6.3%	-0.9%	1.9%
Current ratio (times)	0.18	0.17	0.13	0.25	0.42
Debt to equity ratio (times)	0.96	0.59	0.60	0.61	0.75

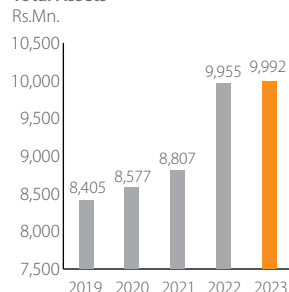
Revenue



Operating Profit/(loss)

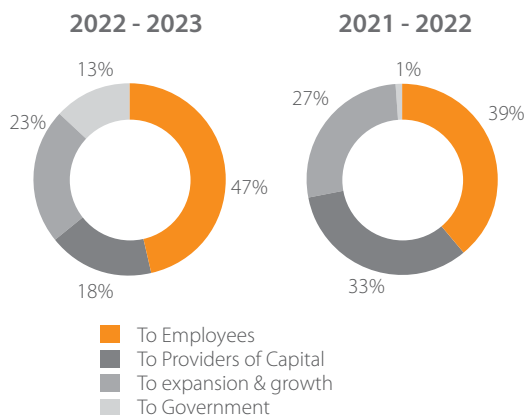


Total Assets



Statement of Value Added

	2022/2023		2021/2022	
	(Rs.)		Rs.	
Turnover	1,918,057,276		943,497,985	
Other income	(71,833,100)		114,853,317	
	1,846,224,176		1,058,351,301	
Less: Cost of material & services bought in	(1,243,446,345)		(637,731,940)	
	602,777,831		420,619,362	
Value allocated to employees				
Salaries & wages and other benefits	551,368,540	47%	374,105,993	39%
To Government				
VAT, income tax, and other taxes	147,646,215	13%	10,269,900	1%
To providers of capital				
Loan Interest	214,233,794	18%	311,377,555	33%
To expansion & growth				
Impairment, depreciation and Retained in business	267,114,276	23%	255,870,766	27%
	1,180,362,825	100%	951,624,214	100%



Share Information

Ordinary shareholders

There were 3,900 registered shareholders as at 31 March 2023, distributed as follows.

From	To	No of Holders	No of Shares	%
1	1,000	2,346	646,465	0.24
1,001	10,000	1106	4,271,294	1.60
10,001	100,000	413	13,261,891	4.96
100,001	1,000,000	71	14,638,831	5.48
Over 1,000,000		10	234,411,242	87.72
Total		3,946	267,229,723	100

Analysis of shareholders

Categories of shareholders	No of Holders	No of Shares	%
Local Individuals	3,760	28,751,416	10.76
Local Institutions	166	238,181,954	89.13
Foreign Individuals	18	30,953	0.01
Foreign Institutions	2	265,400	0.10
Total	3,946	267,229,723	100

The percentage of issued shares held by the public as at 31st March 2023 was 20.078% (As at 31 March 2022 was 20.078%) and the number of shareholders was 3,929 (As at 31 March 2022 was 3,883).

The Float Adjusted Market Capitalisation of the Company as at 31 March 2023 is Rs. 354,114,730.20/- and the Company falls under Option 5 of Rule 7.14.1 (i) (a) of the Listing Rules of the CSE.

Share Prices for the year

Market price per share	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Highest during the year	8.00 (15.09.2022)	11.80 (01.10.2021)
Lowest during the year	3.40 (08.07.2022)	5.50 (31.03.2022)
As at end of the year	6.60	5.80

20 Major Shareholders of the Company

Name	No of Shares as at 31.03.2023	(%)	No of Shares as at 31.03.2022	(%)
1 George Steuart & Company Limited A/C No 1	200,859,199	75.16	200,859,199	75.16
Pan Asia Banking Corporation PLC / Divasa Equity (Pvt) Ltd	7,870,036			
2 Divasa Equity (Pvt) Ltd	2,003,930			
Seylan Bank PLC/ Divasa Equity (Pvt) Ltd	15,520			
3 Vallibel One PLC	8,377,563	3.13	8,377,563	3.13
4 Lotus Technologies (Pvt) Ltd	7,063,819	2.64	7,063,819	2.64
5 Royal Ceramics Lanka PLC	2,768,276	1.04	2,768,276	1.04
6 Mr. H A K N Priyadharshana	1,725,229	0.65	1,750,000	0.65
7 Corona T Stores (Pvt) Ltd	1,585,331	0.59	1,585,331	0.59
8 Seylan Bank PLC / Mr. Jayantha Dewage	1,131,055	0.42	1,131,055	0.42
9 Mr. D K A K Weerathunga	1,026,804	0.38	900,000	0.34
10 Mr. T. G. Thoradeniya	732,310	0.27	732,310	0.27
11 Hatton National Bank PLC/ Mr. Palaniyandy Muralitharan	599,886	0.22	599,886	0.22
12 Mrs. K M Goonewardene	486,519	0.18	486,519	0.18
13 Mr. K Ariyaratnam	440,000	0.16	120,000	0.04
14 Merchant Bank of Sri Lanka & Finance PLC/H M C B Mawilmada	382,324	0.14	389,331	0.15
15 ADM W K J Karannagoda	373,824	0.14	373,824	0.14
16 Mrs. H M A R K Kaluhendiwela	303,891	0.11	303,891	0.11
17 Mr. R Udalgama	297,367	0.11	297,367	0.11
18 Mr. S Srikanth	296,601	0.11	296,601	0.11
19 Mr. W V N B Weragoda	284,882	0.11	231,997	0.09
20 Hatton National Bank PLC/ Madhura Supun Hiripitiya	284,572	0.11	284,572	0.11
	238,909,938	89.40	238,442,027	89.23
Others	28,319,785	10.60	28,787,696	10.77
Total	267,229,723	100	267,229,723	100

Directors' and CEO's Shareholding

Director Name	As at 31.03.2023		As at 31.03.2022	
	No of shares	%	No of shares	%
1 Mr. E. P. A. Cooray	42,200	0.016	42,200	0.016
2 Mr. D.S. Jayaweera	30,240	0.01	30,240	0.01
3 Ms.V. S. F. Amunugama	30,240	0.01	30,240	0.01
4 Mr. J. M. B. Pilimatalawwe	Nil	Nil	Nil	Nil
5 Mr. S. D. De Mel	100,000	0.04	100,000	0.04
6 Mr. S.A. Ameresekere	Nil	Nil	Nil	Nil
7 Mr. P.V. S. Premawardhane	Nil	Nil	Nil	Nil
8 <u>Mr. Rajinda G Seneviratne - Share held in the following manner</u>				
Seylan Bank PLC / Mr. Rajinda G Seneviratne	248,665	0.095	248,665	0.10
Mr. Rajinda G Seneviratne & Mrs Amitha Seneviratne	Nil		Nil	
Ms Keshini K K Goonathileke Seneviratne & Mr Rajinda G Seneviratne	5900		5,900	
9 Mr. P. C. B. Talwatte (CEO)	Nil	Nil	Nil	Nil

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty First (41st) Annual General Meeting of Citrus Leisure PLC will be held on 26th September 2023 at 11.15 a.m. at the Sri Lanka Foundation, Lecture Hall No. 03, No. 100, Padanam Mawatha, Independence Square, Colombo 07 for the following purposes;

1. Ordinary Business

- 1.1 To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Financial Statements for the year ended 31st March 2023 and the Report of the Auditors thereon.
- 1.2 To pass the ordinary resolution set out below to re-appoint Mr. E P A Cooray who attained the age of 75 years, as a Director of the Company;

 "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. E P A Cooray who attained the age of 75 years and that he be and is hereby re-appointed a Director of the Company."
- 1.3 To re-elect Mr. P C B Talwatte as a Director who retires by rotation in terms of Article 85 of the Articles of Association of the Company.
- 1.4 To re-elect Mr. S D de Mel as a Director who retires by rotation in terms of Article 85 of the Articles of Association of the Company.
- 1.5 To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants, as the Company's Auditors and to authorize the Directors to determine their remuneration.
- 1.6 To authorize the Directors to determine donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.

Notice of Annual General Meeting

2. Special Business

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

"IT IS HEREBY RESOLVED THAT the Article 51(4)(ii) of the Articles of Association of the Company be amended by the inclusion of "Article 55" in place of "Article 54" under the heading "Method of Holding Meetings"

By order of the Board
Citrus Leisure PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

31st August 2023

Notes

1. A Shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/hers.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose

Form of Proxy

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

Mr. E P A Cooray	or failing him*
Mr. P C B Talwatte	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 Pilimatalawwe	or failing him*
Mr. S D De Mel	or failing him*
Mr. P V S Premawardhana	or failing him*
Mr. S A Ameresekere	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Forty First Annual General Meeting of the Company to be held on 26th September 2023 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

1. Ordinary Business

	FOR	AGAINST
1. To pass the ordinary resolution set out below to re-appoint Mr. E P A Cooray who is 75 years of age, as a Director of the Company; "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. E P A Cooray who attained the age of 75 years and that he be and is hereby re-appointed a Director of the Company."	☐	☐
2. To re-elect Mr. P C B Talwatte as a Director who retires by rotation in terms of Article 85 of the Articles of Association of the Company.	☐	☐
3. To re-elect Mr. S D de Mel as a Director who retires by rotation in terms of Article 85 of the Articles of Association of the Company.	☐	☐
4. To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants as the Company's Auditors and authorise the Directors to determine their remuneration.	☐	☐
5. To authorize the Directors to determine donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.	☐	☐

2. Special Business

1. To consider and if thought fit to pass the Special Resolution set out under item 2.1 of the Notice of Meeting for the amendments to the Articles of Association.	☐	☐
---	--------------------------	--------------------------

In witness my/our* hands this day of Two Thousand and Twenty Three.

.....
Signature of Shareholder/s

*Please delete what is inapplicable.

Notes: 1. A proxy need not be a shareholder of the Company
2. Instructions as to completion appear overleaf.

Form of Proxy

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, No.56/1, Kynsey Road, Colombo 08 or forwarded by email to reef.pwcs@gmail.com by 11.15 a.m. on 24th September 2023.
3. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notorially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.
5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Corporate Information

Name of Company

Citrus Leisure PLC

Legal Form

Public Quoted Company with limited liability
Incorporated in Sri Lanka.

Company Registration No.

PQ 211

Registered Office

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

Telephone : 0115 755 055

Fax : 0115 470 000

E-mail : direct@citrusleisure.com

Website : www.citrusleisure.com

Board of Directors

Mr. E P A Cooray (Chairman)

Mr. P C B Talwatte

Mr. D S Jayaweera

Ms. V S F Amunugama

Mr. S A Ameresekere

Mr. P V S Premawardhana

Mr. R Seneviratne

Mr. J M B Pilimalatalawwe

Mr. S D De Mel

Chief Executive Officer

Mr. P C B Talwatte

Director Marketing

Mr. Mani Sugathapala

Stock Exchange Listing

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

Company Secretaries

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

Auditors

Ernst & Young Chartered Accountants
201, De Saram Place, Colombo 10.

Bankers

Sampath Bank PLC

Pan Asia Banking Corporation PLC

Hatton National Bank PLC

Commercial Bank of Ceylon PLC

National Development Bank PLC

Nations Trust Bank PLC

Union Bank of Colombo PLC

Bank of Ceylon

People's Bank

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www.citrusleisure.com

Citrus Leisure PLC

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