citrus

Waskaduwa Beach Resort PLC

Annual Report 2025/26

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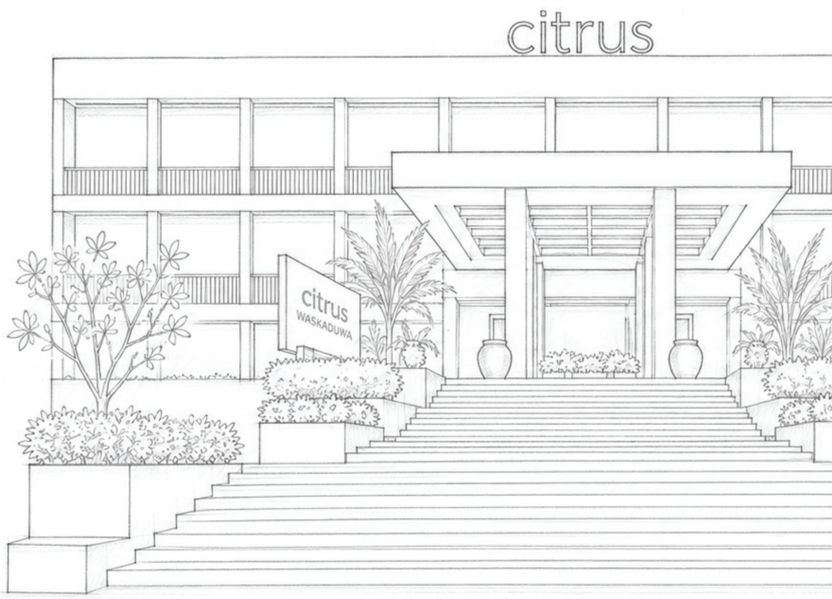
About Us

Citrus Waskaduwa is a beachfront resort located along Sri Lanka's west coast in Waskaduwa, Kalutara. Set against the Indian Ocean, the Resort combines spacious accommodation, diverse dining options and a broad range of leisure, wellness and event facilities, offering a comprehensive coastal hospitality experience. Its location within convenient reach of Colombo supports a balanced proposition across international and domestic leisure travellers, corporate groups, events and day outings.



OUR PROPOSITION

The Resort comprises 150 rooms and suites across four accommodation categories: Superior Rooms, Deluxe Suites, Executive Suites and the Presidential Suite. Most accommodation features private balconies with uninterrupted sea views, allowing guests to fully experience the Resort's coastal setting.

The Resort's food and beverage proposition spans all-day dining, buffet and à la carte options, casual refreshments, poolside dining, beachfront experiences and evening entertainment. The offering combines local and international cuisine across a variety of settings, catering to resident guests, day visitors, corporate groups and event attendees while complementing the overall leisure experience.

The Resort complements its accommodation and dining offering with wellness, leisure and conference facilities that cater to both recreational and business needs.

Performance Highlights

Year Ended 31 March		2025/26	2024/25	Change %
Earnings Highlights and Ratios				
Revenue	Rs. mn	1,231.00	1,220.15	1%
Earnings before interest and tax	Rs. mn	26.28	72.05	(64%)
Loss before tax	Rs. mn	(178.95)	(169.70)	(5%)
Income tax (expense) / reversal	Rs. mn	0.70	0.52	34%
Loss after tax	Rs. mn	(178.25)	(169.18)	(5%)
Dividends	Rs. mn	–	–	–
Earnings per share (basic)	Rs.	(0.19)	(0.19)	–
Return on Assets (ROA)	%	(3.03%)	(2.92%)	(4%)
Return on Capital Employed (ROCE)	%	0.50%	1.45%	(66%)
Financial Position Highlights				
Total Assets	Rs. mn	5,876.77	5,790.94	1%
Total Borrowings	Rs. mn	1,803.59	1,824.80	(1%)
Total Equity	Rs. mn	2,183.99	2,216.86	(1%)
Stated Capital	Rs. mn	3,579.99	3,579.99	–
Gearing	%	45.23%	45.15%	0%
Debt/Equity	%	82.58%	82.31%	0%
Equity-to-Asset ratio	%	37.16%	38.28%	(3%)
Net assets per share	Rs.	2.33	2.37	(2%)
Current ratio	No. of times	0.43	0.35	23%
Quick asset ratio	No. of times	0.36	0.30	20%
No. of Shares in issue	No. mn	936.68	936.68	–
Market / Shareholder Information				
Market value per share	Rs.	1.80	2.00	(10%)
Dividend per share	Rs.	–	–	–
Market capitalisation	Rs. mn	1,686.03	1,873.37	(10%)
Price earnings ratio*	No. of times	N/A	N/A	N/A
Dividend yield ratio	%	–	–	–

* Not applicable due to negative earnings per share.

Chairman's Message

While the year under review was characterised by a confluence of external developments that altered the near-term trajectory of the country's tourism sector, the Company remained firmly focused on its strategic priorities. We recognise that volatility has now become an enduring feature of the landscape in which we operate, requiring businesses to remain agile and respond decisively to evolving conditions. Against this backdrop, we maintained a disciplined approach to execution, with a clear focus on strengthening the business and creating sustainable value over the longer term. It is my pleasure to present the Annual Report and Audited Financial Statements of Waskaduwa Beach Resort PLC for the financial year ended 31 March 2026.

PERFORMANCE OVERVIEW

The Company recorded marginal revenue growth of 1% to Rs. 1.23 bn, as an improvement in average room rates partly offset the moderation in occupancy. However, this growth was insufficient to absorb the elevated operating cost base, particularly higher staff-related expenditure and rising local operating costs, which placed considerable pressure on margins. Consequently, operating profit declined to Rs. 26.28 mn from Rs. 72.05 mn in the previous year, while the loss after tax widened by 5% to Rs. 178.25 mn.

Although this performance was below our expectations, it has reinforced the importance of improving the quality of revenue, strengthening productivity and achieving greater operating leverage. These considerations continue to shape the Company's priorities as we position the Resort for a gradual recovery in profitability.

OPERATING CONTEXT

Sri Lanka's economy continued to demonstrate signs of stability during 2025. GDP expanded by approximately 5%, inflation remained contained and lower interest rates supported liquidity and private-sector activity. The Sri Lankan Rupee also remained broadly stable against the US Dollar.

Collectively, these developments provided a more constructive macroeconomic environment and helped restore a degree of business and consumer confidence.

The tourism sector entered the year with encouraging momentum. Sri Lanka welcomed a record 2,362,521 visitors in 2025, representing growth of 15.1% over the previous year. However, the escalation of geopolitical tensions in the Gulf and Middle East during the first quarter of 2026 disrupted important transit routes and affected travel sentiment. The impact became particularly evident in March 2026, when arrivals declined to 183,979, representing a decrease of 19.7% compared with the corresponding month of the previous year.

Meanwhile, tourism earnings increased only marginally to approximately USD 3.22 bn from USD 3.17 bn. This divergence between arrivals and earnings warrants closer attention, as it reflects a visitor profile that remained weighted towards more value-conscious travellers, while expenditure retained within the formal tourism ecosystem failed to keep pace with the growth in arrivals. As a result, the benefits of higher arrivals do not always flow sufficiently across the hospitality ecosystem, including the formal hotel operators, employees, local suppliers and communities. For the country's tourism sector to reach its full potential, Sri Lanka must focus on attracting more visitors while also increasing average expenditure, length of stay and geographic dispersal.

These challenges exist alongside exceptionally strong international recognition of Sri Lanka's tourism proposition. The country was ranked ninth in BBC Travel's "25 Best Places to Travel in 2025" and was recognised by the World Travel Awards as Asia's Leading Nature Destination, Asia's Leading Cultural Destination and the World's Leading Nature Destination for 2025. Online interest in Sri Lanka has also continued to grow, supported by social media and the experiences shared by travellers themselves.

This recognition demonstrates Sri Lanka's extraordinary destination appeal, representing a rare combination of nature, culture, wildlife, coastline and heritage within a relatively compact geographic area. To translate this organic visibility into tangible and sustained value for the tourism sector, it must be complemented by a coherent national destination-marketing campaign, supported by targeted international promotion, consistent visa policies and infrastructure development.

STRATEGIC PRIORITIES

During the year, we continued to focus on four areas central to strengthening the Company's long-term resilience and competitiveness. In pursuing greater market diversification, we broadened the Resort's presence across selected source markets and customer segments to develop a more balanced business mix. To enhance the guest experience, we also continued to develop differentiated dining, entertainment and activity-based propositions that strengthen the Resort's positioning and appeal. Our focus on people development centred on building the technical, service and leadership capabilities required to maintain service standards and support the Company's longer-term ambitions. In advancing operational excellence, management placed greater emphasis on cost discipline and performance monitoring across the operation. Collectively, these priorities are intended to strengthen the Company's competitive position, support improved yields and facilitate a sustainable return to profitability. The Chief Executive Officer's Message discusses these priorities and the progress made in advancing them in greater detail.

GOVERNANCE AND LEADERSHIP

Effective governance is particularly vital during periods of heightened volatility, when rapidly evolving risks demand sound judgement and clear accountability. Against this backdrop, the Board remained firmly committed to maintaining high standards of corporate governance and internal controls. During the year, the Board and its subcommittees met regularly and maintained active oversight of financial reporting, audit, risk management, related-party transactions and other governance matters falling within their respective mandates. The Board will continue to review and strengthen the effectiveness of these arrangements as the Company's operations and the wider risk environment evolve.

MANAGING OUR RISKS

The risk landscape is evolving at a faster pace and risks are becoming increasingly interconnected. Geopolitical instability remains an immediate concern for the tourism sector, particularly where tensions affect travel through the Middle East. Disruptions to air routes, packaged tours, insurance coverage and traveller confidence can have a direct and rapid effect on bookings. The Company will continue to manage these exposures through greater market diversification, a balanced channel mix and closer monitoring of the sales pipeline and emerging travel trends.

Environmental and sustainability-related risks are also becoming more prevalent. Extreme weather events and coastal erosion have the potential to affect the attractiveness of the Resort's coastal setting. These risks require a combination of preparedness, preventive maintenance and engagement with relevant authorities and technical specialists. In parallel, the Company is preparing for the phased mandatory adoption of SLFRS S1 and SLFRS S2 Sustainability Disclosure Standards. This will support a more structured approach to identifying, assessing and disclosing sustainability and climate-related risks and opportunities. More importantly, it will enable these considerations to be incorporated progressively into governance, strategy, risk management and decision-making.

LOOKING AHEAD

Sri Lanka possesses all the fundamentals required to become one of the world's most compelling tourism destinations and our outlook is one of cautious optimism. Realising this potential, however, requires a holistic and coordinated national approach. Exchange-rate movements over recent years have strengthened Sri Lanka's affordability and value proposition among international travellers. A coordinated partnership among all ecosystem stakeholders is essential. With a consistent destination strategy and the effective execution of national and industry priorities, Sri Lanka can translate its exceptional natural and cultural strengths into meaningful and lasting economic value.

The Company's focus is to convert this advantage into stronger demand and improved yields by reaching differentiated markets, offering more compelling experiences and maintaining disciplined execution. While the improvement in profitability is expected to be gradual, we believe these initiatives will strengthen the Company's competitive position and support a more sustainable performance over the coming periods.

APPRECIATION

I extend my appreciation to my fellow Directors for their guidance and oversight throughout a demanding year. I also thank the Chief Executive Officer, the management team and all our employees for their commitment and perseverance in maintaining the Resort's operations and service standards under challenging conditions.

On behalf of the Board, I wish to thank our shareholders, guests, business partners and other stakeholders for their continued trust and support. We remain committed to strengthening Waskaduwa Beach Resort PLC and contributing meaningfully to the long-term development of Sri Lanka's tourism industry.

S. P. S Ranatunga
Chairman

CEO's Message

During the year, our focus at Citrus Waskaduwa extended beyond the immediate financial outcome to strengthening the product, capabilities and operating platform required for the Resort's next phase of development. While the financial results did not yet reflect the property's full potential, the progress made in operational excellence, revenue management and service delivery has established a stronger foundation for future growth. Supported by disciplined execution and the commitment of our people, we are better positioned to strengthen the Resort's premium beachfront proposition, respond effectively to emerging opportunities and create sustainable value for our stakeholders over the longer term.

STRENGTHENING THE PLATFORM FOR GROWTH

Citrus Waskaduwa delivered a resilient commercial performance during the year, supported by a balanced mix of international, domestic and corporate demand and an improvement in average room rates. Revenue increased by 1% to Rs. 1.23 bn, while average occupancy remained healthy at approximately 62%, although below the 67% recorded in the previous year. Room revenue grew by 4%, and banquet revenue increased by 4%, demonstrating the contribution made by accommodation, food and beverage, MICE, weddings and social events to the Resort's revenue base. However, higher staff-related expenditure and broader increases in local operating costs placed pressure on margins. Consequently, operating profit declined to Rs. 26.28 mn from Rs. 72.05 mn. Although finance costs declined by 16%, the loss after tax widened by 5% to Rs. 178.25 mn.

NAVIGATING AN INTERCONNECTED WORLD

The world in which we operate is becoming increasingly interconnected, with geopolitical, economic and climatic developments in one region capable of influencing travel decisions and demand patterns across markets. As outlined in the Chairman's Message, escalating geopolitical tensions during the year led to cancellations in forward bookings, while Cyclone Ditwah disrupted travel patterns at the commencement of the winter season. These external pressures were compounded by rising utility and operating costs and increasing competition, requiring us to remain agile in our commercial and operational decisions.

At an industry level, Sri Lanka continued to demonstrate strong underlying appeal and recorded improved visitor arrivals. However, increasing arrivals alone will not deliver the full potential of the sector. The spending profile of visitors and the value retained within the formal tourism economy remain important considerations, particularly for formal mid-scale to upscale hotels such as ours that require sustainable occupancy at viable room rates to support long-term value creation.

Sri Lanka must therefore strengthen how it positions and markets itself internationally. Despite the country's diverse tourism proposition, delays in implementing sustained international promotion continue to constrain our ability to attract higher-value segments and convert growing global interest into greater economic value. For operators such as Citrus Waskaduwa, this reinforces the importance of building a distinctive proposition at property level, diversifying source markets and creating experiences that encourage guests to stay longer and spend more within the destination.

ADVANCING OUR STRATEGIC PRIORITIES

Our strategy at Citrus Waskaduwa centred on strengthening the Resort's position as a premium beachfront destination for domestic and international leisure travellers, while using its proximity to Colombo and extensive event facilities to deepen MICE and social-event demand. Against this backdrop, execution was organised across four strategic priorities.

- Revenue diversification: We continued to improve the resilience of our revenue base through dynamic pricing and a more balanced mix of source markets, customer segments and distribution channels. Traditional European markets remained important, while Malaysia, China, India, Russia, France and other CIS markets provided opportunities for greater diversification. International guests were the principal source of demand during the winter season, while domestic leisure and corporate business supported occupancy during other periods. MICE activity continued its recovery, and weddings and social events remained important contributors across accommodation, food and beverage and event-related services.
- Guest Experience: Our approach was to develop Citrus Waskaduwa as a complete beachfront experience rather than an accommodation-led proposition alone. We expanded the emphasis placed on dining, wellness, entertainment, recreation, family and seasonal packages and destination-wedding offerings. Guest feedback remained encouraging and continued to guide improvements to digital services, recreational activities and selected room facilities. Subsequent to the year end, the completion of the refurbishment programme further strengthened the quality of the product and its positioning within the premium beachfront segment.
- People Development: Delivering a premium and more rounded guest experience depends fundamentally on the capability and commitment of our people. We continued to invest in service-related and leadership development, while expanding cross-functional skills so that employees can support activity-based experiences and engage with guests more meaningfully. Employee engagement, retention, welfare and wellbeing remained important priorities, alongside renewed emphasis on performance expectations, workplace discipline and the Citrus Magic service culture.

- Operational Efficiency: Cost discipline remained essential as higher staff, utility, food and supplier costs continued to place pressure on margins. Procurement was strengthened through centralised purchasing and supplier negotiations, supported by closer inventory management, tighter food-cost controls and greater use of shared corporate services. Flexible staffing arrangements contributed to workforce productivity, while initiatives to optimise air-conditioning costs, outsource laundry operations, improve water-treatment processes and reduce wastage supported greater resource efficiency.

INVESTING IN THE FUTURE

Our investment in Citrus Waskaduwa remained focused on strengthening the long-term quality, competitiveness and operating resilience of the property. The refurbishment programme, completed after the year end, enhanced the Resort's rooms, pool and other key guest areas, improving guest comfort and reinforcing its premium beachfront positioning. Alongside these enhancements, preventive maintenance and the timely replacement of affected components remained essential to managing corrosion and other effects of the Resort's coastal exposure.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Our responsibility extends beyond the boundaries of the property to the surrounding community and natural environment. We continued to support local employment and economic activity while creating opportunities for craftspeople through Sunday market activities, thereby strengthening the connection between the Resort and the wider destination. Environmental initiatives included measures to improve energy efficiency and water-treatment processes, strengthen waste segregation and recycling, and progressively reduce the use of single-use plastics. These efforts are intended to broaden local participation in the tourism economy while preserving the coastal environment on which the Resort's long-term appeal depends.

WAY FORWARD

Volatility has increasingly become a feature of the environment in which we operate, and our response will be to build greater resilience through long-term strategic interventions rather than reacting only to short-term disruption. We remain optimistic about the underlying prospects for Sri Lanka's tourism sector and the distinctive potential of Citrus Waskaduwa, although geopolitical developments and their possible effect on tourist arrivals continue to cloud the near-term outlook. Against this backdrop, we will focus on sustainable and profitable revenue growth by further diversifying our source markets, sharpening revenue management and strengthening direct and partner-led distribution. We will build on the completed property enhancements to elevate the guest experience and reinforce the Resort's premium beachfront positioning, while expanding the commercial contribution from food and beverage, MICE, weddings and social events. Equally, we will continue to strengthen organisational resilience through operational excellence, investment in our people, disciplined financial management and sustainability initiatives. With a clearer market proposition and more focused execution, we believe Citrus Waskaduwa is well positioned to convert its considerable potential into stronger and more sustainable performance over time.

ACKNOWLEDGEMENTS

I take this opportunity to extend my appreciation to our shareholders, guests, business partners and other stakeholders for their continued confidence and support. I am also grateful to the Board of Directors for their guidance, considered oversight and continued support throughout the year. My sincere thanks also go to the management team and employees of Citrus Waskaduwa, together with our colleagues across the Group, whose commitment has been central to the progress made during the year. With a clear strategic direction and a strengthened product proposition, I am confident that Citrus Waskaduwa can build on the opportunities before it and create sustainable value for all its stakeholders.

P. C. B. Talwatte
Chief Executive Officer

Board of Directors

P. C. B. TALWATTE

Executive Director/Chief Executive Officer

Skills and experience

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 Mackensie & 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. He also served as a member of the Plantation, Transportation and Leisure sectors of the JKH group.

Following the Asian tsunami of 2004, Mr. Talwatte was seconded to serve the Government of Sri Lanka as Director Task Force for "Rebuilding the Nation" overseeing the funding pledged by international donors. He is also a member of the Board of Directors of Sri Lanka Tourism Promotion Bureau, Committee Member of The Hotels Association of Sri Lanka (THASL) and Colombo City Restaurant Collective (CCRC).

He holds directorships in five companies:

Executive Director/Chief Executive Officer

Citrus Leisure PLC

Hikkaduwa Beach Resort PLC

Waskaduwa Beach Resort PLC

Citrus Silver Ltd

Citrus LT (Pvt) Ltd

S. P. S. RANATUNGA

Independent Non-Executive Director / Chairman

Skills and experience

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

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

He was appointed a Director of VSIS Group in 2024, one of the largest diversified groups in the IT industry.

He holds directorships in eight companies:

Independent Non-Executive Director

Citrus Leisure PLC (Chairman)

George Steuart and Company Limited

H V A Foods PLC (Chairman)

Hikkaduwa Beach Resort PLC (Chairman)

RemediumOne (Pvt) Ltd

Spectrify AI Agro Technology (Pvt) Ltd (Chairman)

V S Information Systems Group (Pvt) Ltd

Waskaduwa Beach Resort PLC (Chairman)

J. M. B. PILIMATALAWWE

Non-Executive Director

Skills and experience

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

Mr. Pilimatalawwe 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. Pilimatalawwe holds a master's degree in information technology from Keele University in U.K., and a Bachelor of Science (Honors) Degree in Information Systems from Manchester Metropolitan University in U.K. and is a member of the British Computer Society (MBCS). He is also a Chartered Information Technology Professional (CITP) and has over 25 years corporate experience.

He holds directorships in thirty one companies:

Executive Director

George Steuart and Company Limited Group

George Steuart Optimize (Pvt) Ltd (Managing Director)

George Steuart Solutions (Pvt) Ltd (Managing Director)

Director

Cambridge Technology Solutions (Pvt) Ltd

Ceylon Grid Services (Pvt) Ltd

Citrus Aqua Limited

Citrus LT (Pvt) Ltd

Citrus Vacations Limited

Data M T X Labs (Pvt) Ltd

George Steuart Asset Management (Pvt) Ltd

George Steuart Aviation (Pvt) Ltd

George Steuart Capital (Pvt) Ltd

George Steuart Consumer (Pvt) Ltd

George Steuart Education (Pvt) Limited

George Steuart Exports Pvt (Ltd)

George Steuart Health (Pvt) Ltd

George Steuart Holidays (Pvt) Limited

George Steuart Industries (Pvt) Limited

George Steuart Insurance Brokers (Pvt) Ltd

George Steuart Investments (Pvt) Ltd

George Steuart Maldives (Pvt) Ltd

George Steuart Recruitment (Pvt) Ltd

George Steuart Sports (Pvt) Ltd

George Steuart Teas (Pvt) Ltd

George Steuart Telecom (Pvt) Ltd

George Steuart Travels Ltd

Gree Lanka (Pvt) Ltd

James Steuart (Pvt) Limited

Three Fifty at Union (Pvt) Ltd

Non-Executive Director

Citrus Leisure PLC

Waskaduwa Beach Resort PLC

P. L. P. WITHANA

Independent Non-Executive Director

Skills and experience

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

He has worked with several prominent organisations, including the Brandix Group, Ernst & Young, Amsterdam-Rotterdam (Amro) Bank, IBM World Trade Corporation, Carson Cumberbatch, Ceylon Tea Services Limited, and Yamaha Corporation (USA). He also served as Group Chief Finance and Administrative Officer of SriLankan Airlines, later becoming the Chief Executive Officer of its subsidiary, Sri Lankan Catering. In addition, he worked as a Management Consultant for Deloitte Consulting Overseas Projects LLC.

Mr. Withana has previously served as an Independent Director on the Boards of Bank of Ceylon, Dankotuwa Porcelain PLC, Merchant Bank of Sri Lanka & Finance PLC, Ceylease Limited, and Seylan Bank PLC. He has also been a Commissioner of the Telecommunications Regulatory Commission of Sri Lanka.

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

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

He holds directorships in eleven companies:

Executive Director

Agility Consulting Services (Pvt) Ltd (Managing Director)

Serendipity Leisure (Pvt) Ltd

Independent Non-Executive Director

Hunter & Company PLC (Senior Independent Director)

HNB Finance PLC (Senior Independent Director)

Lanka Canneries (Pvt) Ltd (Senior Independent Director)

Citrus Leisure PLC

Commercial Development Company PLC

Hikkaduwa Beach Resort PLC

Softlogic Life Insurance Lanka Ltd

Softlogic Life Insurance PLC

Waskaduwa Beach Resort PLC

R. G. SENEVIRATNE

Non-Executive Director

Skills and experience

Mr. Rajinda Seneviratne's family established Reefcomber Hotel in Hikkaduwa in the 1980s which is now the Hikkaduwa Beach Resort PLC Hotel. The family has diversified into trading in tea, packaging and warehousing through Corona T Stores Ltd.

Board of Directors

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

He holds directorships in four companies:

Non-Executive Director

Citrus Leisure PLC

Hikkaduwa Beach Resort PLC

Waskaduwa Beach Resort PLC

Citrus Aqua Limited

Former Partnerships/Proprietorships

Corona T Stores

Corona Ventures

Corona Tea Stores

C V Private

V. S. A. FERNANDO

Non-Executive Director

Skills and experience

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

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

She holds directorships in fifty four companies :

Executive Director

Adpack Productions (Pvt) Ltd

Emagewise (Pvt) Ltd

Hammer BTL (Pvt) Ltd

Hardtalk (Pvt) Ltd

Kites Global (Pvt) Ltd

Power House Ltd

Printage (Pvt) Ltd

Sarva Integrated (Pvt) Ltd

Thirty five km (Pvt) Ltd

Triad (Pvt) Ltd

Non-Executive Director

Asia Commerce Exports (Pvt) Ltd

Asia Commerce Holdings Ltd

Citrus Aqua Limited

Citrus Leisure PLC

Citrus Silver Ltd

Citrus Vacations Limited

Derana Macroentertainment (Pvt) Ltd

Divasa Equity (Pvt) Ltd

Divasa Holdings (Pvt) Ltd

George Steuart (Exports) Limited

George Steuart and Company Limited

George Steuart Aviation (Pvt) Ltd

George Steuart Capital (Pvt) Ltd

George Steuart Consumer (Pvt) Ltd

George Steuart Education (Pvt) Ltd

George Steuart Health (Pvt) Ltd

George Steuart Holidays (Pvt) Ltd

George Steuart Industries (Pvt) Ltd

George Steuart Insurance Brokers (Pvt) Ltd

George Steuart Investments (Pvt) Ltd

George Steuart Optimize (Pvt) Ltd

George Steuart Recruitment (Pvt) Ltd

George Steuart Solutions (Pvt) Ltd

George Steuart Telecom (Pvt) Ltd

George Steuart Travels Limited

Gree Lanka (Pvt) Ltd

H V A Foods PLC

Hammer Digital (Private) Limited

Hammer Engineering Ltd

HVA Beverages (Pvt) Ltd

HVA Farms (Pvt) Ltd

HVA Fine Teas (Pvt) Ltd

HVA Holdings (Pvt) Ltd

HVA Lanka Exports (Pvt) Ltd

Imageline (Pvt) Ltd

Lake Drive Holdings (Pvt) Ltd

Liberty Publishers (Pvt) Ltd

Mantram (Pvt) Ltd

Spaacs (Pvt) Ltd

Taprobane Street (Pvt) Ltd

Third World Operations (Pvt) Ltd

Triadhot.com (Pvt) Ltd

Waskaduwa Beach Resort PLC

S. A. AMERESEKERE

Non-Executive Director

Skills and experience

Sarva is the Group Chairman of George Steuart & Co., Sri Lanka's oldest business entity established in 1835. He plays a pivotal role in the management and strategic planning of the Group's diversified sectors including healthcare, tea exports, financial services, travel, leisure, industrial solutions and FMCG. Accordingly, Sarva holds several key positions within the Group, including directorships of all of its listed Subsidiaries and Affiliates including Citrus Leisure PLC and its subsidiaries, Colombo Land and Development Company PLC, and H V A Foods PLC.

Sarva also served as the Director / CEO of Triad (Pvt) Ltd, one of Sri Lanka's leading integrated communication entities up to early 2024, where he now remains as an Executive Director. The Triad Group integrates a cluster of specialised communications companies that offer its clients an unmatched holistic and synchronised communication solution.

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

He holds directorships in forty four companies :

Executive Director

Colombo Land and Development Company PLC

George Steuart and Company Limited (Group Chairman)

Triad (Pvt) Ltd

Non-Executive Director

Adpack Productions (Pvt) Ltd

Agrispice (Private) Limited

Anantya Global Solutions Company Limited

Asia Commerce Holdings Ltd

Ceylon Grid Services (Pvt) Ltd

Citrus Leisure PLC

Citrus LT (Pvt) Ltd

Diva Osu Ayurveda (Pvt) Ltd

Divasa Equity (Pvt) Ltd

Divasa Real Estate (Pvt) Ltd

Emagewise (Pvt) Ltd

George Steuart Ethicals (Pvt) Ltd

George Steuart Aviation (Pvt) Ltd

George Steuart Capital (Pvt) Ltd

George Steuart Consumer (Pvt) Ltd

George Steuart Education (Pvt) Ltd

George Steuart Exports (Pvt) Ltd

George Steuart Health (Pvt) Ltd

George Steuart Holidays (Pvt) Ltd

George Steuart Industries (Pvt) Ltd

George Steuart Insurance Brokers (Pvt) Ltd

George Steuart Investment (Pvt) Ltd

George Steuart Recruitments (Pvt) Ltd

George Steuart Solutions (Pvt) Ltd

George Steuart Telecom (Pvt) Ltd

George Steuart Travels Limited

George Steuart Optimize (Pvt) Ltd

Gree Lanka (Pvt) Ltd

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Kites Global (Pvt) Ltd

Liberty Developers (Pvt) Ltd

Liberty Holdings Limited

Mango Publishes (Pvt) Ltd

Three Fifty at Union (Pvt) Ltd

Traidhot.com (Pvt) Ltd

Waskaduwa Beach Resort PLC

P. N. MAHAWATTE

Independent Non-Executive Director

Skills and experience

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

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

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

Board of Directors

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

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

He holds directorships in four companies:

Independent Non-Executive Director

Citrus Leisure PLC

George Steuart Asset Management (Pvt) Ltd

Hikkaduwa Beach Resort PLC

Waskaduwa Beach Resort PLC

S. M. A. DE SILVA SUGATHAPALA

Executive Director

Skills and experience

Mr. Mani Sugathapala has been on the leadership team of Citrus Leisure PLC since 2011. A veteran of the Sri Lankan hospitality industry, Mr. Sugathapala has nearly four decades of experience in sales, marketing and operations of hotels and resorts. Prior to joining Citrus, Mr. Sugathapala was Assistant Vice President

at John Keells Holdings PLC, where he was the Head of Sales and Marketing in Sri Lanka for John Keells Hotels properties.

During his stint at John Keells Hotels, he played an instrumental role in launching the Cinnamon and Chaaya brands.

Mr. Sugathapala has worked extensively with key tourist markets and has been a regular attendee at renowned global travel and tourism fairs such as WTM, ITB, ATM, IFTM and Leisure Moscow. He is a member of the Chartered Institute of Marketing, UK, and has undergone training in revenue management from the Cornell University as well as the Emirates Academy of Hotel Management.

He holds directorships in three companies:

Executive Director

Citrus Leisure PLC

Hikkaduwa Beach Resort PLC

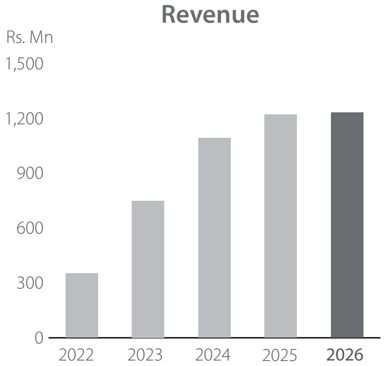
Waskaduwa Beach Resort PLC

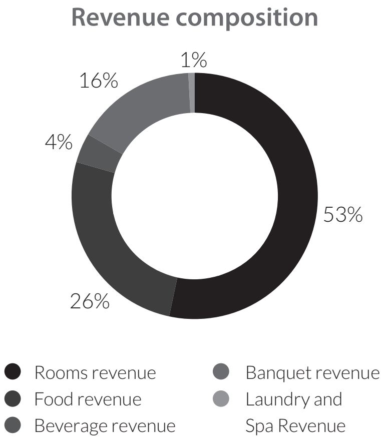
MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

REVENUE

Revenue increased marginally to Rs. 1.23 bn from the previous year, reflecting the Resort's healthy average room rate (ARR) which partly offset the moderation in average occupancy to approximately 62% from 67% in the previous year. The recovery in corporate and leisure group bookings also supported volumes, while the Resort continued to diversify its source markets and optimise its channel mix. Rooms remained the largest revenue contributor, accounting for 53% of total revenue. Rooms revenue increased by 4% to Rs. 657.13 mn, while banquet revenue grew by 4% to Rs. 192.49 mn. Food revenue declined by 3% to Rs. 321.17 mn, while beverage revenue decreased by 21% to Rs. 50.89 mn.





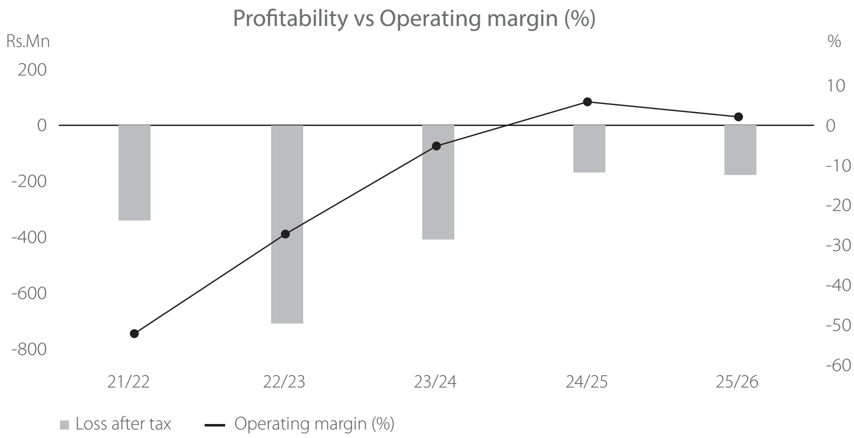
GROSS PROFIT

Gross profit increased by 3% to Rs. 823.15 mn from Rs. 802.05 mn, with the gross profit margin improving from 65.7% to 66.9%. This was supported by a 2% reduction in cost of sales reflecting the Resort's strategic emphasis on operational excellence and cost rationalisation. While exchange rate movements supported Sri Lanka's affordability as a destination, competitive market conditions limited the Resort's ability to pass rising operating costs on to guests through higher room rates. Food and beverage inputs, utilities, payroll and supplier costs remained key areas of pressure and the Resort continued to manage these exposures through close cost monitoring and ongoing review.

COST MANAGEMENT AND OPERATING PROFITABILITY

Administrative expenses increased by 13% to Rs. 393.38 mn, mainly due to higher staff-related expenses. This reflected the Resort's continued investment in retaining and developing the people required to maintain service standards, strengthen operational capability and support its evolving guest proposition.

The broader operating cost base also remained under pressure during the year. While exchange rate movements enhanced Sri Lanka's affordability as a destination, achievable room rates remained below historical levels. This limited the Resort's ability to absorb rising local operating costs without affecting margins. Despite continued cost monitoring, procurement controls and variance reviews, operating profit declined to Rs. 26.28 mn from Rs. 72.05 mn, reducing the operating profit margin from 6% to 2%.



FINANCE COSTS

Finance costs declined by 16% to Rs. 206.14 mn, reflecting more favourable interest rates during the year, while year-end borrowings declined marginally by 1% to Rs. 1.80 bn. This helped moderate the impact of financing costs on overall profitability, although they remained significant relative to the operating profit generated. Finance income decreased by 61% to Rs. 0.92 mn from Rs. 2.34 mn in the previous year.

OVERALL PROFITABILITY

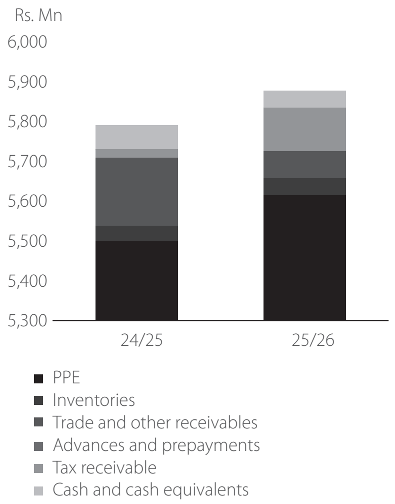
The Company recorded a loss before tax of Rs. 178.95 mn, compared with Rs. 169.70 mn in the previous year. The 1% growth in revenue was insufficient to absorb the increase in the operating cost base, which placed pressure on margins and outweighed the benefit of lower finance costs. Following a deferred tax reversal of Rs. 0.70 mn, the loss after tax amounted to Rs. 178.25 mn, with the loss widening by 5% compared with the previous year.

Other comprehensive income of Rs. 145.38 mn was recognised during the year, mainly arising from the revaluation of land and buildings after accounting for the related deferred tax impact. Consequently, the total comprehensive loss narrowed to Rs. 32.87 mn from Rs. 90.67 mn in the previous year.

TOTAL ASSETS

Total assets increased by 1% to Rs. 5.88 bn, with property, plant and equipment accounting for 96% of the asset base. This composition reflects the asset-intensive nature of the hospitality sector, with the majority of the Company's resources invested in land, buildings and resort infrastructure. Property, plant and equipment increased to Rs. 5.61 bn, supported by the revaluation of land and buildings and capital expenditure related to the ongoing refurbishment programme. Within current assets, advances and prepayments increased to Rs. 110.00 mn, mainly reflecting upfront payments connected to refurbishment and other operating commitments. This was offset by lower trade and other receivables and cash balances, resulting in a 9% reduction in current assets to Rs. 262.92 mn.

Asset composition



TOTAL LIABILITIES

Total liabilities increased by 3% to Rs. 3.69 bn, with non-current liabilities accounting for 83% of the total, reflecting the Company's predominantly long-term funding profile. Total funding liabilities, comprising interest-bearing borrowings and non-current related-party funding, increased marginally by 0.5% to Rs. 2.21 bn. Within this, interest-bearing borrowings declined by 1% to Rs. 1.80 bn. Non-current borrowings increased by 17% to Rs. 1.69 bn, reflecting a shift towards longer-term maturities, while current borrowings declined by 69% to Rs. 116.87 mn. The reduction in current borrowings lowered near-term repayment obligations and contributed to an improvement in the current ratio from 0.35 times to 0.43 times. However, the Company continued to operate with a working capital deficit.

EQUITY AND FUNDING PROFILE

Total equity decreased by 1% to Rs. 2.18 bn. Stated capital remained unchanged at Rs. 3.58 bn, while the revaluation reserve increased by Rs. 145.64 mn to Rs. 2.26 bn. This increase was offset by the loss for the year and the related movement in accumulated losses. The equity-to-assets ratio consequently reduced from 38% to 37%, while the debt-to-equity ratio remained broadly stable at 83%.

WAY FORWARD

Looking ahead, the Company will focus on strengthening its presence across differentiated source markets and customer segments while advancing new guest and commercial propositions. Exchange rate movements during the year have made Sri Lanka more affordable as a destination, enhancing its competitiveness among international travellers. The Company remains optimistic that these initiatives will support stronger occupancy, improve revenue generation and contribute to a gradual improvement in profitability over the coming periods.

Value Creation Model

The Company's value creation model is graphically depicted below and showcases how the organisation transforms its six capitals (comprising resources and relationships) to stakeholder outcomes.

INPUTS

FINANCIAL CAPITAL

- Total equity: Rs. 2.18 bn
- Interest-bearing borrowings: Rs. 1.80 bn (page 99)

MANUFACTURED CAPITAL

Property, plant and equipment of Rs. 5.61 bn which includes,

- Guest rooms
- Restaurants and bars
- Recreational facilities
- Operational equipment

HUMAN CAPITAL

- Employee knowledge, hospitality experience and service capabilities
- Training and development initiatives
- The Citrus Magic service culture

SOCIAL & RELATIONSHIP CAPITAL

Relationships with guests, tour operators, travel agents, corporate clients, suppliers, business partners, local communities and regulatory authorities

INTELLECTUAL CAPITAL

- Brand reputation
- Operational expertise
- Customer insights and marketing capabilities

NATURAL CAPITAL

- Beachfront setting and surrounding coastal environment
- Water, energy, food and other natural resources used in operations

VALUE TRANSFORMATION

STRATEGIC FOCUS AREAS

- Market diversification
- Guest experience
- People development
- Operational efficiency

OUTPUTS

OUTPUTS

- Guest nights
- Food and beverage propositions
- Guest experiences

ENVIRONMENTAL IMPACTS

- Waste generation
- Emissions

STAKEHOLDER OUTCOMES

SHAREHOLDERS.

- Operating profit for the year: Rs. 26.28 mn
- Loss after tax: Rs.178.25 mn

GUESTS

- Access to high-quality accommodation with occupancy rate averaging 62%
- Diverse experiences
- Enhanced coastal hospitality offering

EMPLOYEES

- Conducive work environment
- Opportunities for career and skill development
- Engaging and safe workplace culture

SUPPLIERS

- Ongoing participation in the Company's value chain

LOCAL COMMUNITIES

- Employment generation
- Livelihood opportunities
- Greater visibility for local products

GOVERNMENT

- Contribution to foreign exchange earnings
- Employment generation

Stakeholder Engagement

Effective stakeholder engagement enables the Resort to understand the needs of those who influence or are affected by its operations. This is particularly important in the leisure sector, where the guest experience depends on the collective contribution of employees, business partners, suppliers, communities and the wider destination. Through regular formal and informal engagement, we identify changing expectations and incorporate stakeholder insights into our operational and strategic decisions.

During the year, stakeholder feedback informed our focus on improving guest experience, product enhancement, market diversification, operational efficiency and community participation.

Stakeholder	Methods of engagement	Key expectations	Our response
Guests	• Direct interactions throughout the guest journey • Guest surveys and feedback forms • Online reviews and booking platforms • Social media channels • Direct enquiries and complaints	• Consistent service quality • Comfort, safety and cleanliness • Value for money • Diverse dining and leisure experiences • Activities suitable for different age groups	• Progressed the refurbishment programme covering rooms, pool facilities and other guest areas • Expanded activity-based experiences and entertainment for guests of all ages • Strengthened employee training to support a more rounded guest experience • Continued to develop the food and beverage proposition
Employees	• Performance discussions and appraisals • Departmental meetings • Management communication • Open-door engagement and grievance channels	• Job security and fair remuneration • Learning and career development • Recognition and engagement • A supportive work environment • Clear performance expectations	• Conducted extensive technical, operational and service-related training • Strengthened cross-functional capabilities to support service consistency • Increased focus on employee retention and skills development • Continued efforts to strengthen the Citrus Magic service culture
Shareholders	• Annual General Meeting • Annual and quarterly financial statements • Colombo Stock Exchange announcements • Corporate website	• Transparent and timely reporting • Improved profitability and cash generation • Prudent financial management • Effective cost control • Preservation of asset value and long-term returns	• Maintained timely financial and regulatory reporting • Continued operational efficiency and cost rationalisation measures • Pursued market diversification to strengthen the revenue base • Robust corporate governance and risk management practices
Tour Operators, Travel Partners and Corporate Clients	• Direct meetings and account management • Travel fairs and industry events • Contract negotiations • Joint planning and promotional activities • Booking and performance reviews	• Competitive and consistent pricing • Reliable service delivery • Accurate and timely information • Products suited to changing traveller preferences • Strong long-term commercial relationships	• Strengthened channel management in response to changing travel patterns • Continued to adapt the Resort's offering to group, leisure and corporate segments • Diversification of markets

Stakeholder	Methods of engagement	Key expectations	Our response
Local communities	• Community initiatives • Engagement with local organisations and craftspeople • Local recruitment • Environmental activities • Informal dialogue with community members	• Employment and livelihood opportunities • Support for local enterprises • Responsible management of environmental impacts	• Created opportunities for local craftspeople through Sunday market activities • Community engagement activities • Supported employment and economic activity within the surrounding area • Continued to support the positioning of Kalutara as a tourism destination
Government, Regulators and Industry Bodies	• Regulatory filings and inspections • Engagement with tourism authorities • Industry forums and associations • Meetings and formal correspondence	• Compliance with applicable laws and regulations • Contribution to tourism and employment • Responsible business practices • Timely payment of taxes and statutory dues • Cooperation on industry and destination development	• Maintained regulatory and statutory compliance • Continued engagement on matters affecting the tourism sector • Contributed to employment, tourism earnings and wider economic activity • Supported discussions aimed at strengthening Kalutara's overall appeal as a destination

Strategic Priorities

The Company's strategy continued to evolve in response to stakeholder expectations and changing dynamics in the operating environment. During 2025/26, the strategic focus centred on four priorities aimed at strengthening the Resort's market position, enhancing service delivery and supporting sustainable value creation. Key strategic priorities during the year are summarised below and described in further detail in the Operational Review on page 23 of this Report.

Market diversification:
The Resort continued to diversify its source markets to reduce concentration and respond to changing travel patterns. Greater focus was placed on Asian and regional markets, including China, India and Malaysia, while maintaining relationships across Russia, France and other CIS markets.

Guest experience:
The guest proposition was strengthened through continued investment in the Resort's product and service offering. The refurbishment programme covering guest rooms, the pool and other facilities supported improvements to the physical environment. This was complemented by a greater focus on activity-based experiences, weekend entertainment and food and beverage offerings.

People development:
Employee development remained central to delivering a consistent and well-rounded guest experience. Training focused on strengthening technical and service capabilities across the workforce, while renewed emphasis was placed on employee engagement, retention and the Citrus Magic service culture.

Operational excellence:
The Resort continued to strengthen operational efficiency and cost management across its key functions. Greater accountability within rooms and food and beverage operations supported more focused performance management and clearer decision-making across the business.

Operating Environment

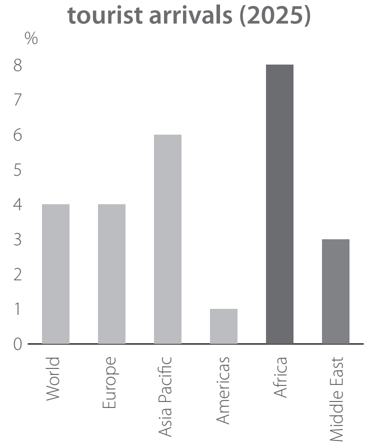
GLOBAL ECONOMIC ENVIRONMENT

The global economy expanded by 3.5% in 2025, reflecting more accommodative financial conditions, policy measures and continued investment in technology. However, performance varied across regions as higher trade barriers, geopolitical tensions and structural constraints weighed on growth. The escalation of geopolitical tensions in the Middle East during the first quarter of 2026 significantly altered the near-term outlook by driving higher energy prices, supply chain disruptions and financial market uncertainty. The International Monetary Fund anticipates global growth to moderate to 3.0% in 2026 while headline inflation is projected to rise to 4.7%. A prolonged or wider conflict could place further pressure on the global economy through higher commodity prices, tighter financial conditions and disruptions to international trade.

GLOBAL TOURISM INDUSTRY

International tourist arrivals increased by 4% to an estimated 1.52 billion in 2025, representing a near 60 million additional tourists compared with 2024 and marking a new post-pandemic record. Growth was supported by sustained travel demand, strong outbound activity from major source markets and the continued recovery of destinations across Asia and the Pacific. Improved air connectivity and visa facilitation also supported international travel despite elevated tourism-related costs and geopolitical uncertainty. Africa recorded the strongest regional growth at 8%, while Asia and the Pacific grew by 6% as the region continued its return towards pre-pandemic levels. International tourism receipts increased by 5% to an estimated USD 1.9 trillion, with visitor spending growing faster than arrivals across many destinations.

Regional growth in international tourist arrivals (2025)



Source: UN Tourism

Growth continued into the first quarter of 2026, with international tourist arrivals increasing by 2% to approximately 307 million. The year began with sustained travel demand, with cumulative growth of 2.5% across January and February although the outbreak of conflict in the Middle East in February affected performance in March through airspace restrictions, operational disruptions and heightened uncertainty. As a pivotal air travel corridor connecting Asia, Africa and Europe, disruptions in the Middle East affected destinations within the region as well as international travel patterns more broadly. Higher fuel and travel costs also placed pressure on demand and increased travellers' focus on value for money.

SRI LANKAN ECONOMY

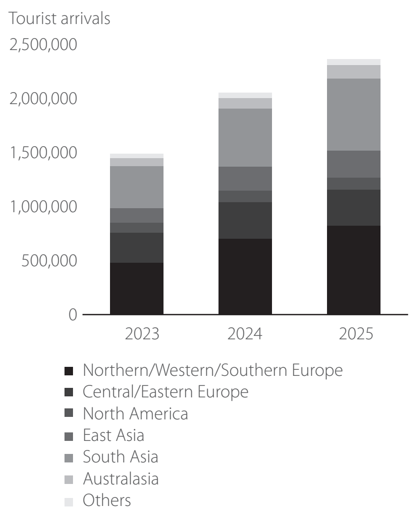
Sri Lanka's economy continued to stabilise in 2025, supported by policy continuity under the IMF programme, ongoing fiscal reforms and measures to strengthen governance and competitiveness. GDP grew by 5%, led by a 7.8% expansion in industry and 3.3% growth in services. With inflation remaining subdued, the Central Bank reduced the Overnight Policy Rate to 7.75% in May 2025. Lower lending rates and improved liquidity supported a 24.8% expansion in commercial bank lending to the private sector, while inflation remained subdued.

Sri Lanka's external sector strengthened during the year, with the current account recording a surplus of USD 1.7 billion by December 2025. However, the trade deficit widened as import growth outpaced exports, partly due to the resumption of vehicle imports. Gross official reserves improved by end-March 2026, supported by the Central Bank's net foreign exchange purchases, while the Sri Lankan Rupee remained relatively stable during the early part of 2026 before experiencing depreciation pressures towards the end of the quarter.

SRI LANKA TOURISM INDUSTRY

Sri Lanka's tourism industry continued its recovery in 2025, with arrivals increasing by 15% to a record 2.36 million. This surpassed the previous high recorded in 2018, with every month delivering year-on-year growth and December recording the highest monthly arrivals in the country's history. India remained the largest source market, followed by the United Kingdom and Russia. The performance was achieved despite travel advisories, delays in destination promotion and disruptions caused by Cyclone Ditwah during the peak season.

Arrivals by region



Source: Sri Lanka Tourism Development Authority

Operating Environment

Tourism earnings increased to an estimated USD 3.22 billion from USD 3.17 billion in 2024. However, the slower growth in earnings relative to arrivals underscores the need to generate greater value from each visitor through higher spending and longer stays. Despite the growth in arrivals, the industry continued to face challenges in converting Sri Lanka's destination appeal into its full economic potential. Delays in launching a unified destination brand, international promotional campaigns and visa facilitation measures constrained progress towards the target of 3 million arrivals. These conditions reinforce the importance of source-market diversification, stronger distribution channels and differentiated guest experiences for hotel operators.

Average duration of stay:

8.29
(2024: 8.42)

Accommodation capacity:

59,578 rooms
(2024: 55,455)

Average earnings per arrival:

USD 1,363
(2024: USD 1,543)

Operational Review

The Resort continued to benefit from its proximity to Colombo and its distinctive facilities, which supported a recovery in corporate and leisure group bookings. The improved price competitiveness of Sri Lanka as a tourism destination, supported by exchange rate movements, presented further opportunities for growth, with the country estimated to be considerably more affordable than in earlier periods. The Resort sought to leverage these advantages by expanding room-night volumes across a broader mix of international, domestic and corporate markets, achieving an average occupancy of approximately 62% during the year.

Marketing and Channel Optimisation: Developments during the year reinforced the importance of diversifying the Resort's source markets and distribution channels. Difficulties faced by certain European tour operators in obtaining travel insurance following geopolitical disruptions resulted in a considerable loss of room nights. In response, the Resort increased its focus on Asian markets, particularly Malaysia and China, while continuing to pursue opportunities across Russia, France, other CIS countries and India. The channel mix was also optimised in line with seasonal demand patterns. International guests accounted for approximately 80% of business between November and March, while domestic and corporate segments supported occupancy from April to October. With demand from free independent travellers expected to moderate, greater emphasis was placed on group business and established travel partners.

People Development: Talent development remained central to the Resort's ability to deliver a more rounded guest experience. Building on the technical, soft-skills, cross-functional and leadership development initiatives undertaken in the previous year, the Resort continued to invest in training across its operations. The focus extended beyond strengthening functional capabilities to equipping employees to support activity-based experiences, entertainment and greater interaction with guests throughout their stay.

Employee retention has remained an industry-wide challenge, particularly due to the migration of skilled hospitality professionals. These pressures began to ease during the year, providing greater stability for the Resort to strengthen its internal talent base. Continued training, career development and renewed emphasis on the Citrus Magic service culture will remain important to building service consistency and developing the next generation of hospitality professionals.

Developing Our Propositions: The Resort continued to develop its proposition beyond accommodation, with greater attention placed on food and beverage as a distinct area of commercial opportunity. Clearer accountability across rooms and food and beverage operations supported greater visibility over performance, margins and the potential for further concept development. Management also explored the introduction of a beach bar to address a gap in Kalutara's existing leisure and dining offering.

This initiative forms part of the wider objective of strengthening Kalutara's appeal as a tourism destination. The Resort's gardens, banquet facilities, beachfront setting and activity-based guest experiences provide a strong foundation to attract leisure groups, corporate events and local visitors. Opportunities such as the Sunday market for local craftspeople and greater guest participation in community and nature-related activities could further enrich the destination experience.

GOVERNANCE & RISK MANAGEMENT

Corporate Governance

OUR GOVERNANCE FRAMEWORK

Regulatory Framework Assurance
Companies Act No. 7 of 2007
Listing Rules of the Colombo Stock Exchange (CSE)
Code of Best Practices on Corporate Governance issued jointly by SEC and ICASL
Sri Lanka Accounting Standards (SLFRS/LKAS)

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

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

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

BOARD OF DIRECTORS

The Board of Directors is committed to maintaining 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.

COMPOSITION OF THE BOARD

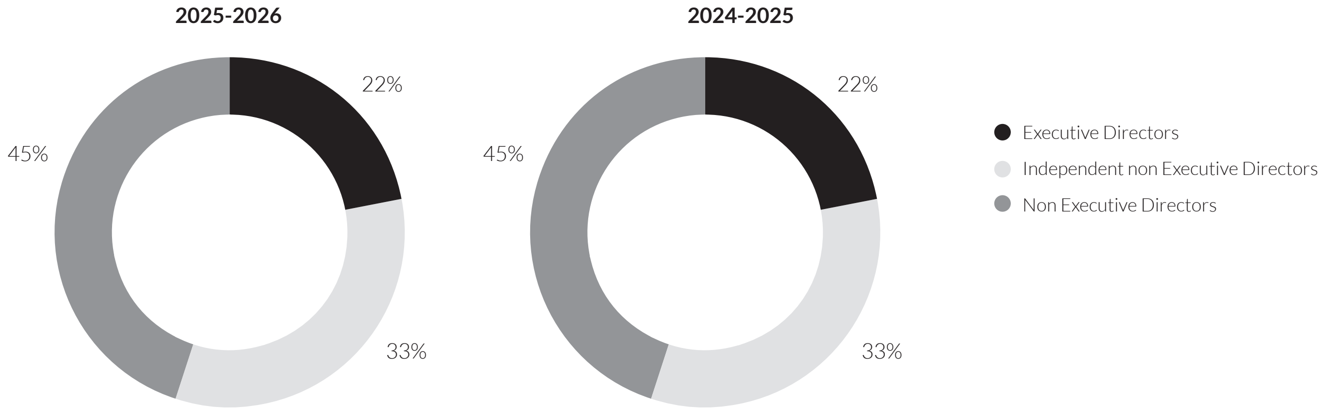
The composition of the Board is governed by the Company's Articles of Association as well as the Listing Rules of the Colombo Stock Exchange. The Board comprises of nine (09) Directors who possess a broad range of skills and experience across a range of industries and functional areas. A detailed profile of each member of the Board appears on pages 08 to 12 of this Annual Report.

As at the reporting date, the Board comprised two (02) Executive and seven (07) Non-Executive Directors, three (03) of whom are Independent.

Composition of the Board and Shareholding as at 31 March 2026

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

Corporate Governance



INDEPENDENCE OF DIRECTORS

Independence of the Directors has been determined in accordance with the Continuing Listing Rules of the CSE and three (03) Independent Non-Executive Directors have submitted signed declarations of their independence.

Based on declarations submitted by the Independent Non-Executive Directors, the Board has determined that, namely, Messrs S P S Ranatunga, P L P Withana and P N Mahawatte are "Independent Directors" in terms of Rule 9.8.3.

APPOINTMENT OF DIRECTORS / RE-ELECTION OF DIRECTORS / APPOINTMENT OF DIRECTORS OVER 70 YEARS OF AGE

The Board is guided by the Nominations and Governance Committee which was formed on 30 September 2024 to make recommendations on the structure and composition of the Board, new appointments to the Board, re-election / re-appointment of Directors and on Board performance evaluation. The Company's Articles of Association require any Director appointed during the year to hold office until the next Annual General Meeting, at which he retires and seeks re-election by the shareholders. One third of Directors retire by rotation at each Annual General Meeting and if eligible seek re-election by the shareholders. Directors over 70 years of age shall be appointed / re-appointed by the shareholders only.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Mr. S P S Ranatunga who is an Independent Non-Executive Director is the Chairman of the Board of Directors, Mr P C B Talwatte functions as the Chief Executive Officer/Executive Director and Mr. S M A De Silva Sugathapala functions as an Executive Director.

BOARD MEETINGS

The Board meets formally every quarter as a matter of routine. Ad hoc meetings are held as and when necessary to maintain regular communication to discuss relevant business issues and any other matter directed to the Board which can be resolved by circular resolution, is decided by Resolutions in writing.

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.

BOARD SUB COMMITTEES

The Board of Directors has formed four Sub Committees in compliance with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance.

The Report of the Related Party Transactions Review Committee appears on page 61.

The Report of the Remuneration Committee appears on page 62.

The Report of the Nominations and Governance Committee appears on pages 63 to 64

The Report of the Audit Committee is appearing on pages 65 to 66.

MEETINGS OF BOARD SUB COMMITTEES

The Audit Committee and Related Party Transactions Review Committee meet quarterly with provision to schedule additional meetings if required. The Remuneration Committee meet as and when necessary. The Nominations and Governance Committee shall meet at least once every calendar year and as more frequently as required.

BOARD AND SUB COMMITTEE MEETING ATTENDANCE

Name of the Director	Directorship Status	Age (Years)	Tenure on the Board (Years)	Date of Appointment	Board Meetings	NGCMs	ACMs	RCMs	RPTRCMs
Mr. S P S Ranatunga (Chairman)	INED	61+	1+	17.12.2024	6/6	1/1	6/6		4/4
Mr. P C B Talwatte (Director/CEO)	ED	62+	13+	15.11.2012	5/6				
Mr S M A De Silva Sugathapala	ED	71+	2+	13.02.2024	6/6				
Mr. R G Seneviratne	NED	60+	15+	01.02.2011	4/6				
Ms. V S F Amunugama	NED	57+	15+	28.12.2010	4/6				
Mr. J M B Pilimatalawwe	NED	52+	15+	01.02.2011	6/6	1/1			
Mr. S A Ameresekere	NED	47+	12+	11.11.2013	6/6			1/1	4/4
Mr. P L P Withana	INED	65+	2+	03.05.2024	6/6		6/6	1/1	4/4
Mr. P N Mahawatte	INED	59+	1+	17.12.2024	5/6	0/1	5/6	1/1	

* ED - Executive Director
* NED - Non-Executive Director
* INED - Independent Non-Executive Director
* NGCMs – Nominations and Governance Committee Meetings
* ACMs - Audit Committee Meetings
* RCMs - Remuneration Committee Meetings
* RPTRCMs - Related Party Transactions Review Committee Meetings

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

The directorship status of each Director together with an analysis of their other directorships / key positions appear below: This illustrates that the other directorships in listed companies held by Directors are within the limit prescribed by the Board in terms of the Policy on Matters relating to the Board of Directors, namely maximum of 10 directorships in listed companies.

No	Name of the Director	Total Directorships	Number of Board Seats held in Listed Companies including		Number of Board Seats held in Unlisted Companies	
			Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
1	Mr. S P S Ranatunga (Chairman)	8	–	4	–	4
2	Mr. P C B Talwatte (Director/CEO)	5	3	–	2	–
3	Mr. S M A De Silva Sugathapala	3	3	–	–	–
4	Ms. V S F Amunugama	54	–	3	10	41
5	Mr. R G Seneviratne	4	–	3	–	1
6	Mr. J M B Pilimatalawwe	31	–	2	3	26
7	Mr. S A Ameresekere	44	1	4	2	37
8	Mr. P L P Withana	11	–	7	2	2
9	Mr. P N Mahawatte	4	–	3	–	1

Corporate Governance

DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

The Statement of Directors' Responsibilities for Financial Reporting is given on page 60 of this Report.

COMPANY SECRETARY

P W Corporate Secretarial (Pvt) Ltd acts as the Company Secretary. The Company Secretary maintains minutes of all Board, Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, Nominations and Governance Committee, meetings. The Company Secretary assists in ensuring the Board procedures are followed.

The Company Secretary is also responsible for timely circulation of information and papers related to Board and Sub - Committee meetings and advice on matters relating to corporate governance, Board procedures, rules and regulations. All Directors have access to the advice and services of the Company Secretary.

INTERNAL CONTROL

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place. These controls are established to safeguard the Company's assets, ensure the availability of accurate and timely information, and support effective decision-making. In this respect controls are established for safeguarding the Company's assets, making available accurate and timely information and imposing greater discipline on decision making. The process is strengthened by regular review by the Audit Committee on internal controls and procedures in the areas of finance, operations, human resources, and relevant legal and regulatory compliance.

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.

COMPLIANCE WITH LAWS AND REGULATIONS

All necessary steps have been taken by the Board and the Management to ensure compliance with all relevant laws and regulations. The services of Lawyers, Auditors and other Consultants are obtained whenever necessary, to provide assurance to the Board in this respect.

COMPLIANCE REGARDING PAYMENTS

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

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.

CORPORATE DISCLOSURES AND SHAREHOLDER RELATIONSHIP

The Company is committed to providing timely and accurate disclosure of all price sensitive information, financial results and significant developments to all shareholders, the Colombo Stock Exchange and where necessary, to the general public.

Shareholders are provided with the Annual Report, while the Company disseminates Interim Financial Statements to the market in accordance with the Listing Rules of the Colombo Stock Exchange.

The Company has adopted a Policy on Relations with Shareholders and Investors in compliance with the provisions of Rule 9.2.1 of the Listing Rules, which sets out the process for directing their inquiries and suggestions or questions to the Board of Directors through the Company website or by written requests forwarded through the Company Secretaries.

The Annual General Meeting provides a platform for shareholders to discuss and seek clarifications on the activities of the Company.

COMPLIANCE

The Company has complied with Section 9 of the Listing Rules of the Colombo Stock Exchange on 'Corporate Governance'

COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules		√
9.2.1	The Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company, on its website. Policy on the matters relating to the Board of Directors Policy on Board Committees Policy on Corporate Governance, Nominations and Re-election Policy on Remuneration Policy on Internal Code of Business Conduct and Ethics Policy on Risk Management and Internal Controls Policy on Relations with Shareholders and Investors Policy on Environmental, Social and Governance Sustainability Policy on Control and Management of Company Assets and Shareholder Investments Policy on Corporate Disclosures Policy on Whistleblowing Policy on Anti-Bribery and Corruption		√
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted.		Not Applicable
9.2.3	List of policies in place as per Rule 9.2.1, with reference to website Any changes to policies adopted		√
9.2.4	The Company has a process in place to make available policies referred in Rule 9.2.1 above, to shareholders upon a written request being made for any such Policy.		√
9.3.1	The Company shall ensure that the following Board Committees (at a minimum) are established and functioning effectively. The said Board Committees shall include; Board Nominations and Governance Committee Remuneration Committee Audit Committee (To perform Audit and Risk Functions) Related Party Transactions Review Committee		√
9.3.2	The Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in these Rules.	Refer Rules 9.11, 9.12, 9.13 & 9.14 below	√

Corporate Governance

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.		√
9.4.1	The Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the SEC The number of shares in respect of which proxy appointments have been validly made; The number of votes in favour of the resolution; The number of votes against the resolution; and The number of shares in respect of which the vote was directed to be abstained.		√
9.4.2	The policy on effective communication and relations with shareholders and investors.		√
	The contact person for such communication.	Refer Inner back cover.	√
	The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders.		√
9.5.1	The Company shall establish and maintain a formal policy governing matters relating to the Board of Directors.		√
9.5.2	Compliance with the Board Policy on “Matters relating to the Board of Directors”		√
9.6.1	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a Senior Independent Director (SID) is appointed in terms of Rule 9.6.3 below.	Refer page 27 for Table on “Board and Sub Committee Meeting Attendance” in the Corporate Governance Report.	√
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such entity shall make a Market Announcement within a period of one (01) month from the date of implementation of these Rules, or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules.	Chairman is an Independent Non-Executive Director, and there is a clear separation of duties between the roles of the Chairman and CEO.	Not Applicable
9.6.3	Report of SID demonstrating the effectiveness of duties.	There is a clear separation of duties between the roles of the Chairman and CEO. Therefore, the requirement for the Company to appoint a SID does not arise.	Not Applicable

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.6.4	Rationale for appointing SID	There is a clear separation of duties between the roles of the Chairman and CEO. Therefore, the requirement for the Company to appoint a SID does not arise.	Not Applicable
9.7.1	The Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the ‘Fit and Proper Assessment Criteria’ set out in Rule 9.7.3.		√
9.7.2	The Company shall ensure that persons recommended by the Board Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders’ meeting or appointments are made.		√
9.7.3	A Director or the CEO of the Company shall not be considered ‘fit and proper’ if she or he does not possess the fit and proper assessment criteria specified under “Honesty, Integrity and Reputation”, “Competence and Capability” and “Financial Soundness” in Rule 9.7.3 (a), (b) and (c) respectively.		√
9.7.4	The Company shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out Rule 9.7.3 during the financial year concerned and satisfies the said criteria as at the date of such confirmation.		√
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	All Directors have complied with and satisfied the Fit and Proper Assessment Criteria throughout the period under review. No instances of non-compliance were identified. Profiles of the Board of Directors are given on pages 08 to 12.	√
9.8.1	The Board of Directors of the Company, at a minimum, consist of five (05) Directors.	The Board of Directors of the Company consists of nine (9) Directors. Profiles of the Board of Directors are given on pages 08 to 12.	√

Corporate Governance

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.8.2	Minimum Number of Independent Directors The Board of Directors of the Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	The Board has three (03) Independent Directors, thereby meeting the minimum requirement. Refer page 27 for Table on "Board and Sub Committee Meeting Attendance" in the Corporate Governance Report.	√
	Any change occurring to this ratio shall be rectified within ninety (90) days from the change.	There was no change to this ratio during the year.	
9.8.3	A Director shall not be considered independent if he/she does not fulfil the criteria defined under Rule 9.8.3 of the Listing Rules.		√
9.8.4	All the Independent Directors of the Company fulfil the criteria on independence as defined under Rule 9.8.3 of the Listing Rules.		√
9.8.5	Process in place for the determination of 'Independence' of the Directors Each Director to submit a signed and dated declaration annually of his/her independence or non-independence.		
	Names of Directors determined to be 'independent'.	Refer page 27 for Table on "Board and Sub Committee Meeting Attendance " in the Corporate Governance Report.	√
	Immediate market announcement to be made if the Board determines that the independence of an Independent Director has been impaired.		
9.9	Requirements to be complied in relation to "Alternate Directors".	There are no Alternate Directors on the Board of the Company.	Not Applicable
9.10.1	The Company shall disclose its policy on the maximum number of directorships its Board Members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	As per the Policy on matters relating to the Board of Directors, the maximum number of directorships the Board Members are permitted to hold is ten (10).	√
9.10.2	The Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the brief resume of such Director, his/her capacity of directorship and, Statement by the Entity indicating whether such appointment has been reviewed by the BNGC of the Company.		√
9.10.3	The Company shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.		√

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.10.4	Directors details		
	name, qualifications and brief profile	Profiles of the Board Members are given on pages 08 to 12.	√
	nature of his/her expertise in relevant functional areas		
	whether either the Director or Close Family Members has any material business relationships with other Directors	Refer page 27 for Table on “Other Directorships held by the Directors ” in the Corporate Governance Report.	
	whether Executive, Non-Executive and/or Independent Director		
	total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as Executive or Non-Executive (If the directorships are within the Group names need not be disclosed)		
	number of Board meetings attended	Refer page 27 for Table on “Board and Sub Committee Meeting Attendance ” in the Corporate Governance Report.	
	names of Board Committees in which the Director serves as Chairperson or a member		
	Attendance of Board Committee meetings		
	Terms of Reference and powers of SID		Not Applicable
9.11	Nominations and Governance Committee (NGC)		
9.11.1	The Company has a NGC that conforms with the requirements.		√
9.11.2	The Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the NGC.	Refer Report of the NGC on pages 63 to 64.	√
9.11.3	The NGC shall have a written Terms of Reference clearly defining the scope, authority, duties and matters pertaining to the quorum of meetings	Refer Report of the NGC on pages 63 to 64.	√
9.11.4	Composition of the NGC The members of the NGC shall; comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. not comprise of Executive Directors of the Listed Entity.	Refer the Composition of the NGC given on pages 63 to 64.	√
	An Independent Director shall be appointed as the Chairperson of the BNGC by the Board of Directors.		
	The Chairperson and the members of the NGC shall be identified in the Annual Report of the Listed Entity.		
9.11.5	The functions of the NGC	Refer the Report of the NGC on pages 63 to 64.	√

Corporate Governance

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.11.6	NGC Report Names of Chairperson and Members with nature of directorship. Date of appointment to the Committee. Availability of documented policy and processes when nominating Directors. Requirement of re-election at regular intervals at least once in 3 years. Board diversity. Effective implementation of policies and processes relating to appointment and reappointment of Directors. Details of Directors re-appointed. Performance of periodic evaluation of Board. Process adopted to inform Independent Directors of major issues. Induction/orientation programs for new Directors on Corporate Governance, Listing Rules, securities market regulations or negative statement. Annual update for all Directors on Corporate Governance, Listing Rules, securities market regulations or negative statement. Compliance with independence criteria. Statement on compliance with Corporate Governance rules, if non-compliant reasons and remedial actions.	Refer the Report of the Board Nominations and Governance Committee on pages 63 to 64.	√
9.12	Remuneration Committee (RC)		
9.12.2	The Company has a remuneration committee that conforms to the requirements.		√
9.12.3	The RC shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Refer "Directors' remuneration" on page 107. and Report of the RC given on page 62.	√
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Refer "Directors' remuneration" on page 107 and Report of the RC given on page 62.	√
9.12.5	RC shall have a written Terms of Reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Refer the Report of the RC on page 62.	√

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.12.6	Composition of the RC The members of the RC shall; comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. not comprise of Executive Directors of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the RC by the Board of Directors.	Refer the composition of the Report of the RC on page 62.	√
9.12.7	The functions of the RC	Refer the Report of the RC on page 62.	√
9.12.8	RC Report Names of chairperson and members with nature of directorship Statement regarding the Remuneration Policy The aggregate remuneration of the Executive and Non-Executive Directors.	Refer the Report of the RC on page 62 . Refer Note 29. to the Financial Statements on pages 105 to 107 on "Related Party Disclosure"	√
9.13	Audit Committee (AC)		
9.13.1	Perform Audit and Risk functions specified in Rule 9.13.4 of the Listing Rules.	Currently there is no separate Risk Committee formed. The Board has decided to entrust the scope of the Risk Committee to the Audit Committee. There is a written Terms of Reference for the Audit Committee.	√
9.13.2	The AC shall have a written Terms of Reference clearly defining its scope, authority and duties.	The AC has a written Terms of Reference clearly defining its scope, authority and duties. Refer Report of the AC on pages 65 to 66.	√

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.13.3	The members of the AC shall; comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever is higher, shall be Independent Directors. not comprise of Executive Directors of the Listed Entity. The quorum for a meeting of the AC shall require that the majority of those in attendance to be Independent Directors. The AC may meet as often as required provided that the AC compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. An Independent Director shall be appointed as the Chairperson of the AC by the Board of Directors. Unless otherwise determined by the AC, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the AC meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation. The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Refer the Report of the AC on pages 65 to 66	√
9.13.4	The functions of the AC	Refer the Report of the AC on pages 65 to 66	√
9.13.5	Disclosures in the Annual Report The Company shall prepare a AC Report which shall be included in the Annual Report The AC Report contain required disclosures.	Refer the Report of the AC on pages 65 to 66	√
9.14	Related Party Transactions Review Committee (RPTRC)		
9.14.1	The Company shall have a RPTRC that conforms to the requirements set out in Rule 9.14.	The RPTRC of the Company conforms to the requirements	√
9.14.2	Composition of the RPTRC The RPTRC shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include Executive Directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	Refer the Report of the RPTRC on page 61	√
9.14.3	Functions of the RPTRC	Refer the Report of the RPTRC on page 61	√

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.14.4	General Requirements The RPTRC shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. The members of the RPTRC should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: be present while the matter is being considered at the meeting; and, vote on the matter.	Refer the Report of the RPTRC on page 61	√
9.14.5	Review of Related Party Transactions by the RPTRC	Refer the Report of the RPTRC on page 61	√
9.14.6	Shareholder Approval The Company shall obtain shareholder approval by way of a Special Resolution for specified Related Party Transactions.	The RPTs policy of the Company provides for obtaining shareholder approval by way of a Special Resolution for specified transactions. There were no RPTs during the year which required Shareholder approval.	√
9.14.7	The Company shall make an immediate Market Announcement to the CSE on for RPTs as specified under (a) and (b).	There were no RPTs during the year, which required immediate Market Announcement. The RPTs policy of the Company provides for making an immediate Market Announcement to the CSE for RPTs falling under the above category.	√
9.14.8(1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format).	Refer Note 29 to the Financial Statements on “Related Party Disclosure” on pages 105 to 107.	√

Corporate Governance

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.14.8(2)	Recurrent RPT exceeding 10% of the gross revenue/income	Refer Note 29 to the Financial Statements on “Related Party Disclosure” on pages 105 to 107.	√
9.14.8(3)	RPTRC Report Names of the Directors of the Committee Statement that the Committee has reviewed RPTs and communicated comments/observations to the Board Policies and procedures adopted by the Committee	Refer the Report of the RPTRC on page 61	√
9.14.8(4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	Refer the Annual Report of the Board of Directors on page 58.	√
9.14.9	Acquisition and Disposal of assets from/ to Related Parties Except for transactions set out in Rule 9.14.10, the Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset, to any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution.	During the year, there were no acquisition/ disposal of substantial assets from/to Related Parties.	√
9.16	Additional disclosures by Board of Directors Declaration on following; All material interests in contracts involving in the Company and have refrained from voting on matters in which they were materially interested Review of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Refer page 57.	√

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

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
7.6	Contents of Annual Report		
	All listed entities must include in its Annual Reports and accounts, inter alia:		
i)	Names of persons who were directors of the entity during the year	Complied	Please refer page 27
ii)	The names and the numbers of shares held by the 20 largest voting and non-voting shareholders and percentages	Complied	Please refer page 117
iii)	The Public Holding percentage	Complied	Please refer page 116
iv)	A statement of each Director's holding and Chief Executive Officer's holdings in shares of the entity at the beginning and end of each year	Complied	Please refer page 117
v)	Information pertaining to material foreseeable risk factors of the entity	Complied	Please refer pages 51 to 53
vi)	Details of material issues pertaining to employees and industrial relations of the entity	N/A	No material issues pertaining to employees and industrial relations.
vii)	Extents, locations, valuations and other number of buildings of the entity's land holding and investment properties	Complied	Please refer pages on 91 to 95
viii)	Number of shares representing the entity's stated capital	Complied	Please refer page 99
ix)	A distribution schedule of the number of holders in each class of equity security and the percentage of their total holdings in the specified categories	Complied	Please refer page 116
x)	Following ratios and market price information.	Complied	
	1. Dividend per share		No Dividend was paid
	2. Dividend pay out		No Dividend was paid
	3. Net asset value per share		Please refer page 114
	4. Market value per share - highest and the lowest value recorded. - Value as at the end of the year		Please refer page 116
xi)	Significant changes in the entity or its subsidiary's fixed asset and the market value of land, if the value differs substantially from the book value	Complied	Please refer Note 12 to 13 the Financial statement on pages 91 to 96 of this report
xii)	If during the year the entity has raised funds either through a public issue, Rights Issue and private placement	Complied	Please refer page 99
xiii)	Information in respect of Employee Share Ownership or Stock Option schemes	N/A	
xiv)	Disclosure pertaining to Corporate Governance practices In terms of Section 9 of the Listing Rules	Complied	Please refer pages 29 to 38
xv)	Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower	Complied	Please refer page 58

Corporate Governance

COMPLIANCE WITH THE CODE OF BEST PRACTICES IN CORPORATE GOVERNANCE 2023

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
The Board	A.1	Compliant	Waskaduwa Beach Resort PLC is headed by an effective board, which is responsible for the leadership, stewardship and governance of the Company. The Board of Directors comprises of, • Two Executive Directors (ED) • Three Independent Non-Executive Directors (INED) • Four Non-Independent Non-Executive Directors (NED/NID)
Board Meetings	A.1.1	Compliant	Six (06) Board Meetings were held during the year and the Company is compliant with the Code of Best Practice as the Board has met in every quarter of the financial year 2025/26. 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 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	Compliance Status	Compliance Details
Board Responsibilities	A.1.2	Compliant	The Board of Directors of Waskaduwa Beach Resort PLC bears the responsibility for providing strategic direction, achieving objectives, responsible corporate behaviour, risk management, utilisation of resources responsibly, for ensuring leadership through effective oversight and review, whilst setting the strategic direction and delivering sustainable shareholder value over the long term. The Board seeks to achieve this through setting out its strategy, monitoring its strategic objectives and providing oversight of its implementation by the management team. In establishing and monitoring its strategy, the Board considers the impact of its decisions on wider stakeholders including employees, suppliers and the environment. Effective Corporate Governance is central to the Company's ability to operate successfully, as a Board, we take seriously our responsibility for setting high standards of accountability & ethical 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. • Ensuring that the CEO and the Management Team possesses sufficient skills, competencies, experience and knowledge to implement company strategies. • Ensuring that the business practices are in compliance with the laws, regulations and Company's code of ethics. • Establishment of effective internal controls, risk management and business continuity practices, ensuring that the adoption of appropriate accounting policies and compliance with financial regulations and Establishment of a process for Corporate Reporting. • Reviewing, monitoring and taking corrective action with regard to the achievement of the corporate strategies. Key decisions are reserved for the Board's approval and are not delegated to management. These include matters relating to the Company strategy, approval of major acquisitions, disposals, capital expenditure, financial results and overseeing the Company systems of internal control, governance and risk management. The Board delegates certain responsibilities to the management, to assist it in carrying out its functions of ensuring independent oversight.
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. 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	P W Corporate Secretarial (Pvt) Ltd. functions as Secretaries to the Board. They ensure that appropriate Board processes are adopted, Board procedures and applicable rules and regulations adhered to and details and documents are made available to the Directors and Senior Management for effective decision making at the meetings. Further Company Secretary acts as the mediator between Directors, Auditors and Sub-committees of the Board facilitating the communication and information flow among above parties.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Directors' Independence	A.1.5	Compliant	The objectivity and independent judgment in all decisions of the Directors are established by ensuring that the Board acts unrestrictedly from undue influence of other parties or circumstances.
Adequate time and effort from Directors	A.1.6	Compliant	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 Directors/CEO of the Company.
Call for resolution to be presented	A.1.7	Compliant	A Director may and the secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
Training for Directors	A.1.8	Compliant	Existing Directors are encouraged to improve their knowledge base and skills on a continuous basis and the newly appointed Directors are introduced to the Board and the Senior Management after induction sessions conducted on Governance Framework, Company's culture and values, business model and strategy, duties and responsibilities of the Directors, current laws and regulations applicable to the tourism and hotel industry and important matters that were discussed during prior meetings.
The Role of the Chairman and Chief Executive Officer (CEO)	A.2: & A.3	Compliant	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 proper manner.
Financial Acumen	A.4	Compliant	The members of the Board are knowledgeable and experienced individuals who can provide guidance on matters of finance. All Directors possess qualifications and/or experience in accounting and finance. Please refer profiles of Directors on page 08 and 12.
Board Balance	A.5	Compliant	to Board comprises of two Executive Directors and seven Non-Executive Directors out of which three are Independent Directors and four non- independent Directors ensuring that no individual or small group can dominate the Board's decisions.
Non-executive Directors with sufficient calibre	A.5.1	Compliant	The present composition of the Board is at a healthy balance between executive expediency and independent judgment. The Board is comprised of experienced and influential individuals with diverse backgrounds and expertise. Their mix of skills and business experience is a major contributor to the proper functioning of the Board and its committees. The Non-executive Directors possess vast experience in business and strong financial acumen, through their membership on external boards, and thereby are able to assess the financial reporting systems and internal controls, review and suggests any changes in keeping with best practice.
Number of Independent Directors	A.5.2	Compliant	The Board of Directors of the Company Comprises seven Non-Executive Directors out of which three are Independent.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Independence of Non-Executive Directors	A.5.3, A.5.4 & A.5.5	Compliant	The presence of Non-executive Independent Directors enables independent judgment. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted declarations confirming their independence as at 31 March 2026 in accordance with Rule 9.8.3 of the Listing Rules of the Colombo Stock Exchange. The biographical details of the Directors are set out on pages 08 to 12 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 finance period 2025/26.
Senior Independent Director	A.5.7 & A.5.8	Not Applicable	This principal is not applicable as the Chairman is an Independent Non- executive Director.
Interactions between the Chairman and Non-executive Directors	A.5.9	Compliant	The Chairman holds meetings with the Non-executive Directors, without the presence of the Executive Directors as and when necessary.
Minutes on Directors concerns	A.5.10	Compliant	Any concerns of Directors on matters of the Company that cannot be unanimously resolved will be recorded in Board Minutes, as and when such concern arises.
Supply of Information	A.6	Compliant	The Board is provided with timely information on a regular basis as well ad hoc reports and information as and when it is requested from the management.
Provision of adequate information on a timely basis to the Board	A.6.1 & A.6.2	Compliant	The minutes, agenda and the Board papers required for the Board meetings are provided to the Directors at least seven days before the meeting and management is obliged to provide the Board with relevant and timely information for effective decision making. Directors are also provided the opportunity to make inquiries from industry experts and professionals, senior management, auditors, central internal departments and the Company Secretary for further details and information as and when necessary.
Appointments to the Board	A.7	Compliant	Waskaduwa Beach Resort PLC has a formal and transparent procedure for the appointment of Directors to the Board.
Nomination Committee & annual assessment of Board composition	A.7.1 & A.7.2	Compliant	The Company has a separate committee for nomination. During the year, the Committee critically evaluated the "quality" of the Board in terms of their qualifications, experience, independence and the value that can be added to the Company to effectively meet the demands of the Company. The Board is satisfied with its composition and the level of qualifications, knowledge and experience it possesses as a whole in order to meet strategic demands facing the Company.
Disclosure of new Board Appointments	A.7.3	Compliant	Shareholders must formally approve all new appointments at the first opportunity after their appointment, as provided by the Articles of Association of the Company; subsequently to the submission of a brief resume, nature of expertise, details about directorships in other companies, and the independence of a new Director, to the shareholders.
Re-election	A.8	Compliant	One third of the Directors shall retire at each AGM and eligible for the re- election.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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 24 September 2026 by the shareholders and the proposals for re-election are specified in Notice of Meeting section on page 118.
Resignation	A.8.3		Refer 'Appointment, Re-election and Resignation of Directors' in the Annual Report of the Board of Directors Page 54.
Appraisal of Board Performance	A.9		Performance of the Board is evaluated from time to time with at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually coordinated by the Company Secretary and overseen by the Chairman.
Annual appraisal of Board performance and declaration of basis of performance	A.9.1, A.9.2, A.9.3 & A.9.4		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	Compliant	Information in respect of Directors is specified in the pages 08 to 12 of this Annual Report.
Appraisal of CEO	A.11	Complied	Assessing the performance of the CEO is done annually.
Short, medium and long term objective and evaluation of CEO's performance	A.11.1 & A.11.2	Complied	The Board sets out the short, medium and long term, financial and non- financial objectives at the commencement of each financial year, and evaluates the performance of the CEO in respect of the achievement of such set targets.
Remuneration Procedure	B.1	Compliant	The Company has established a formal and transparent procedure for developing policy on executive and Directors' remuneration.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Remuneration Committee, its composition and access to professional advice on determining the remuneration of Executive Directors	B.1.1, B.1.2, B.1.3 & B.1.5		Waskaduwa Beach Resort PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board. The Remuneration Committee of the Company consists exclusively of Non- Executive Directors as prescribed by the Code of Best Practice, there are (03) Non-Executive Directors, two (02) of whom are Independent The Group Head of Finance assists the committee by providing the relevant information and participating in the analysis and deliberations, in addition to the consultations done by the Remuneration Committee from the Chairman, on proposals relating to the remuneration of Executive Directors. Further the Remuneration Committee is provided the access to professional advice on such proposal whenever it is necessary. The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors. The Remuneration Committee met once during the financial year.
Executive Share Options	B.2.5	Not Applicable	This section is not applicable to the Company as, there were no share option schemes in effect during the financial period under review.
Remuneration Policy	B.2.6	Compliant	The details of the remuneration policy have been set out in the Remuneration Committee Report on page 62.
Compensation on early termination	B.2.7 & B.2.8	Compliant	Compensation paid on early termination of Directors will be determined based on the initial contract/Articles of Association of the company, where the initial contract does not provide directions for compensation commitments.
Levels of remuneration for Non-executive Directors	B.2.9 / 2.10	Compliant	Non-Independent Non-Executive Directors do not receive Directors' fees. None of the Non-Executive Directors receive any performance or incentive payments.
Disclosure of Remuneration	B.3	Compliant	The remuneration to Directors is disclosed on page 107 under the note 29.3.1 as a part of the financial statements of this report.
Constructive use of the AGM and General Meetings	C.1	Compliant	The Company uses the AGM to effectively communicate and enhance the relationship with shareholders.
Constructive use of the AGM and General Meetings	C.1.1 – C.1.5	Compliant	The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing 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 and/or Group Head of Finance. All matters in relation to shareholders should be communicated to the Company Secretary and/or Group Head of Finance. The Company Secretary and/or Group Head of Finance shall maintain all correspondence with the shareholders and disseminate timely responses to the shareholders.
Major and Material Transactions	C.3	Compliant	Refer the Annual Report of the Board of Directors of the Affairs of the Company on pages 54 to 59.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
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 submitted to the CSE as per listing requirements and other public reports/ reports submitted regulators present a balanced and understandable assessment of Company's performance.
Directors' responsibility for preparation and presentation of Financial Statements	D.1.3	Compliant	The Annual Report of the Directors as well as the Independent Auditors' Report declares the responsibility of the Board for the preparation and presentation of Financial Statements. The Financial Statements of the Company were audited by Messrs Ernst and Young, Chartered Accountants.
Annual Report of the Directors	D.1.4	Compliant	The Annual Report of the Board of Directors sets out the, a. Compliance with laws and regulations. b. Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007. c. Equitable treatment to shareholders. d. Directors have complied with best practices of Corporate Governance. e. Property, plant and equipment of the Company are reflected at their fair value. f. Appropriateness of the Company's Internal Control system. g. The business is a going concern.
Responsibility of the Board for preparation and presentation of Financial Statements and Statement of Internal Controls	D.1.5	Compliant	The Directors Responsibility is stated on page 60 of the Annual Report.
Management Discussion Analysis	D.1.6	Compliant	The "Management Discussion Analysis" of this Annual Report contain, among other issues; Industry Review (Pages 21 to 22) Risk Management (Pages 51 to 53) Corporate Governance (Pages 25 to 50) Stakeholder Relationships (Pages 18 to 19) Financial Performance (Pages 14 to 15) Prospects for the future (Page 15)
Serious loss of capital	D.1.7	Not Applicable	This principal is not applicable as the net assets of the Company remained higher than 50% of the value of the Company's shareholders' funds during the period under review.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Disclosure of Related Party Transactions	D.1.8	Compliant	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 three non- executive Directors out of which two are Independent Non Executive Directors. Please refer page 61. The Group Head of Finance 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 page 61. The Related Party Transactions Review Committee met four (04) times during the financial year. The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007. Further all related party transactions in accordance with Sri Lanka Accounting Standard 24 (LKAS 24) - Related Party Transactions are disclosed under Note 29 to the Financial Statements.
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 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 Board is responsible for formulating and implementing appropriate systems of internal control for the company and in turn assessing its effectiveness. Any internal control system has its inherent limitations. The Board is aware of the inherent limitations and has taken appropriate steps to minimise same.
Disclosure on Risk Assessment and Mitigation	D.2.2	Compliant	The Audit Committee Report and Risk Management Report set in pages 65 to 66 and 51 to 53 respectively explains the risk assessment procedure, including those that would threaten its business model, future performance, solvency and liquidity; and specific risk mitigation strategies.
Internal Audit Function & Audit Committee review of Internal Control System	D.2.3 & D.2.4	Compliant	The Audit Committee oversees the Internal Audit requirement of the Company by agreeing on requirements when they arise and appoints internal auditors on a case by case basis on an agreed scope of work. Audit Committee reviews the performance and ensuring that the internal audit has sufficient and appropriate resources to perform their duties effectively and efficiently in maintenance of a sound risk management process and internal control system.
Responsibilities of the Directors in maintaining a sound system of Internal Controls	D.2.5	Compliant	The "Statement of Director's Responsibility" on page 60 provides the declaration made by Director's accepting the responsibility to ensure that the Company is equipped with a sound system of internal controls.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Audit Committee	D.3	Compliant	The Board has established a formal and transparent process of Financial Reporting, Internal Controls, Risk Management and maintaining a proper relationship with the Company's Auditors.
Composition and the Duties of the Audit Committee	D.3.1 & D.3.2	Compliant	The Audit Committee comprises exclusively of Non-Executive Directors all three are Independent Non Executive Directors. Please refer page 65. The Audit committee focuses principally on assisting the Board to fulfill its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function. The Audit committee is assisted by the Internal Audit when required. The Audit Committee met six (06) 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 page 65 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 65 to 66 of the annual report.
Best Practices on Related Party Transactions	D.4 & D.4.1	Compliant	The purpose of the Related Party Transactions Review Committee is to review all proposed Related Party Transactions other than those transactions explicitly exempted in conformity with the Listing Rules and LKAS 24 and to ensure that related parties are not granted more favourable treatment
Related Party Transactions Review Committee	D.4.2	Compliant	The Related Party Transactions Review Committee consists of three Non- executive Directors of which two are Independent Non Executive Director, Please refer page 61.
Effectiveness of the Related Party Transactions Review Committee	D.4.3	Compliant	Refer the Related Party Transaction Review Committee Report for the purpose, responsibilities, authority, scope and objectives of Related Party Transaction Review Committee; set out in page 61.
Adoption of Code of Business Conduct & Ethics and Chairman's affirmation	D.5 – D.5.4	Compliant	The Company has adopted a Code of Conduct applicable to Directors and senior management.
Corporate Governance Disclosure	D.6	Compliant	The Corporate Governance section of the annual report from pages 25 to 50 sets out the manner and extent to which the Company has adopted the principals and provisions of the Code of Best Practice on Corporate Governance. 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.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Structured dialogue with shareholders	E.1.1	Compliant	A regular and structured dialogue shall be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman.
Evaluation of governance disclosures by institutional investors	E.2	Compliant	Institutional investors are being encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition.
Investing/ Divesting Decision	F.1	Compliant	Individual shareholders are encouraged to carry out adequate analysis and seek professional advice when making their investment / divestment decisions.
Shareholder Voting	F.2	Compliant	Individual shareholders are encouraged to participate and exercise their voting rights.
Board's responsibility on Cybersecurity	G.1	Compliant	The Board regularly monitors the latest developments in the field of IT and conducts discussions on how such developments can be utilised to enhance the efficiency and the effectiveness of the hotel operations and to enhance the guest experience. Further, the Board investigates on cybersecurity risks that may affect the business. Additionally, IT General and Application controls have been designed and implemented to ensure the security of confidential information.
Chief Information Security Officer (CISO)	G.2	Compliant	The Board has appointed an IT Manager located at the Head Office who is in charge of Cybersecurity Risk Management. IT Manager is a qualified IT professional and possesses necessary competence to ensure the Cybersecurity. IT Manager provides necessary information with regard to Cybersecurity and is responsible for the development of IT Budget and Risk Management policies of the Company, which will subsequently be evaluated and approved by the Board to be implemented.
Board meeting agenda for discussions on cyber risk management.	G.3	Compliant	Relevant risks are set out in the Internal Audit Report and same is reported to the Audit Committee. High risk matters are referred to the Board for further actions.
Effectiveness of the Cybersecurity Risk Management System	G.4	Compliant	An Annual Information Risk Management audit is carried out by an independent third party, and identified issues are reported through the Management Letter.
Disclosure on Cybersecurity Risk Management	G.5	Compliant	Cybersecurity risks are monitored through IT controls, internal audit reviews and an annual independent Information Risk Management audit, with significant matters reported to the Audit Committee and Board.
Environment, Society and Governance	H	Compliant	The Company has a policy on Environment, Social and Governance Policy

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

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

Risk Management

The leisure sector is exposed to a broad range of internal and external factors, including changes in travel demand, economic conditions, geopolitical developments, competition, environmental events and operational disruptions among others. These factors can have broad-ranging impacts on occupancy, revenue, costs and the overall guest experience. Effective risk management is therefore essential to protect the Resort's operations, support informed decision-making and preserve long-term value.

RISK GOVERNANCE STRUCTURE

As the apex governing body, the Board holds overall responsibility for overseeing the Resort's risk management framework and ensuring that material risks are managed within acceptable parameters. Management supports the Board by monitoring the Resort's risk exposure, implementing appropriate controls and escalating significant matters for consideration. Department heads and their teams are responsible for identifying and managing risks arising within their areas of purview, while broader external risks, including economic, geopolitical, regulatory and industry developments are monitored with the support of the Head Office team.

THREE LINES MODEL

The Resort applies the globally accepted Three Lines Model to establish clear responsibility for managing risk and providing assurance. This is illustrated below:

FIRST LINE OF DEFENCE

Operational and functional teams own and manage the risks arising from their activities. They are responsible for implementing controls, monitoring day-to-day performance and escalating matters that may affect the Resort's objectives, operations or guest experience.

SECOND LINE OF DEFENCE

Management and relevant Head Office functions provide guidance and oversight to support consistent risk management across the Resort. They monitor key risk exposures, review the adequacy of controls and assist operational teams in responding to risks

THIRD LINE OF DEFENCE

Internal Audit provides independent assurance over the effectiveness of the Resort's internal controls. Findings and recommendations are communicated to the Audit Committee and Board of Directors with corrective actions monitored through established follow-up processes.

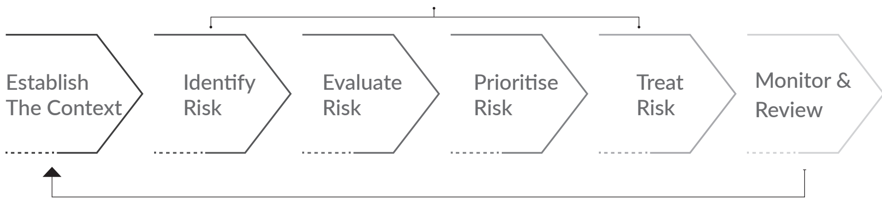
RISK MANAGEMENT PROCESS

The Company's risk management process is set out below. Risk identification is facilitated through operational reviews, internal control assessments, incident reporting and consideration of wider external developments. Resort management undertakes this assessment with support from the relevant Head Office functions.

Each identified risk is assessed based on its likelihood of occurrence and potential impact on the Resort. Impact is considered across a range of dimensions including financial performance, guest experience, employee and guest safety, regulatory compliance and reputation. In determining the risk position, consideration is given to the effectiveness of existing controls and mitigation measures.

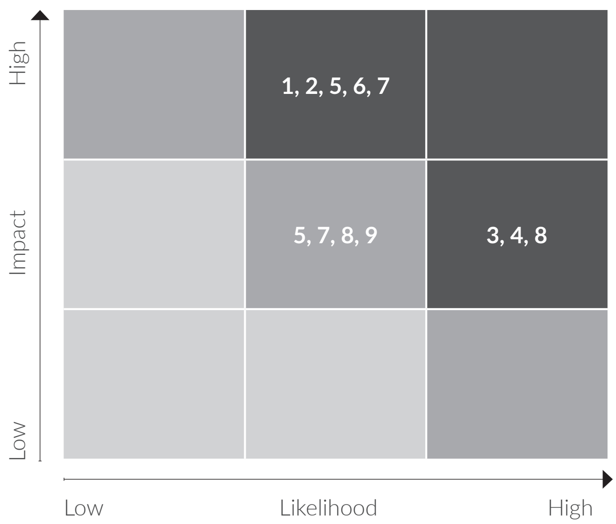
Residual risk ratings are reviewed periodically to identify changes in exposure and emerging areas of concern. Risks with greater residual exposure receive enhanced management attention and oversight, while other identified risks continue to be monitored through established operational and control processes.

RISK ASSESSMENT



Principal Risks in 2025/26

The Company's risk heat map, reflecting the assessed exposure after considering existing controls and mitigation measures, is presented below.



Risk Management

(1) Geoeconomic instability and travel advisories		
Description and impact	**Risk Rating**	
Geoeconomic instability and related travel advisories affected performance during the year, resulting in a significant loss of room nights. Travel insurance limitations and reduced traveller confidence contributed to cancellations and weaker demand from certain tour operators. Looking ahead, continued geopolitical tensions and uncertainty across key source markets may continue to influence travel demand and booking patterns.	**Impact: High**	**Likelihood: Medium**
	Mitigation actions • Diversification of customer base across international, domestic, corporate and group segments to reduce dependence on any single source market. • Adjust room rates dynamically based on demand, seasonality and market conditions to optimise occupancy and revenue. • Review the sales pipeline regularly to monitor booking trends, identify emerging gaps and redirect sales efforts towards markets and channels with stronger demand potential.	

(2) Liquidity risk		
Description and Impact	**Risk Rating**	
Delays in customer collections, together with debt servicing commitments, supplier payments and capital expenditure requirements, may place pressure on the Resort's liquidity. This could constrain its ability to meet obligations when due and fund essential operational and investment needs.	**Impact: High**	**Likelihood: Medium**
	Mitigation actions • Monitor daily cash positions to identify potential funding gaps. • Maintain a rolling 13-week cash flow forecast to anticipate liquidity requirements. • Manage payment timing in line with cash flow forecasts while meeting operational, contractual and statutory obligations.	

(3) Margin pressure from escalating costs		
Description and Impact	**Risk Rating**	
Rising food and beverage, utility, payroll and supplier costs increased the Resort's operating expenses during the year. At the same time, exchange rate movements enhanced Sri Lanka's affordability as a destination, creating pressure to maintain competitive room rates and limiting the Resort's ability to fully pass cost increases on to guests.	**Impact: High**	**Likelihood: Medium**
	Mitigation actions • Monitor costs across food and beverage, utilities, payroll and other key operating areas. • Strengthen procurement controls through supplier evaluation, competitive quotations and approval procedures. • Review actual expenditure against budgets each month to identify and address significant variances	

(4) Staff turnover and skill gaps		
Description and Impact	**Risk Rating**	
Staff turnover and gaps in property-level finance and operational capability may weaken service consistency, internal controls and the accuracy and timeliness of management information. This could affect operational efficiency, financial discipline and the Resort's ability to respond effectively to emerging issues.	**Impact: High**	**Likelihood: Medium**
	Mitigation actions • Develop succession plans for critical roles to support leadership continuity and minimise operational disruption. • Cross-train employees across key finance and operational functions to strengthen internal capability • Align job descriptions and KPIs with current responsibilities, control requirements and expected performance outcomes.	

(5) Delayed collections and default risk

Description and Impact

Delays in collections from travel agents, corporate clients and event customers may place pressure on cash flows and increase exposure to credit loss. Extended credit periods, customer disputes or defaults could affect working capital and result in delays or losses in recovering amounts due.

Risk Rating

Impact: Medium | Likelihood: Medium

Mitigation actions

- Review debtor ageing regularly to identify overdue balances and emerging collection risks.
- Establish and monitor customer credit limits based on creditworthiness and payment history.
- Escalate overdue accounts through structured follow-up, suspension of further credit and management or legal action where necessary.

(6) Refurbishment and capital-project execution

Description and Impact

The ongoing refurbishment of rooms, the pool and other facilities creates exposure to cost overruns, delays, disruption to room availability and the risk that the investment may take longer than expected to generate higher rates or occupancy.

Risk Rating

Impact: High | Likelihood: Medium

Mitigation actions

- Establish detailed project plans with defined timelines, budgets, responsibilities and delivery milestones
- Monitor project costs and progress regularly against approved schedules and budgets
- Phase refurbishment work to minimise disruption to room availability, guest experience and revenue

(7) Guest experience and reputational risk

Description and Impact

Inconsistent service delivery, gaps in facility maintenance or failure to meet guest expectations may lead to complaints and negative online reviews. As the Resort expands its activity-based and food and beverage propositions, consistent execution across all guest touchpoints remains important in maintaining guest satisfaction and the Resort's reputation.

Risk Rating

Impact: Medium | Likelihood: Medium

Mitigation actions

- Monitor guest feedback, complaints and online reviews to identify recurring service gaps.
- Conduct regular service-quality and facility inspections across the property.
- Provide continuous technical, service and guest-engagement training.

(8) Destination positioning risk

Description and Impact

The Resort's growth partly depends on strengthening Kalutara's positioning as a destination. Limited destination-level promotion, tourism infrastructure and coordination among tourism operators may constrain the Resort's ability to attract higher-value visitors and broaden its market appeal.

Risk Rating

Impact: Medium | Likelihood: High

Mitigation actions

- Collaborate with tourism authorities and industry partners to promote Kalutara as a distinct coastal destination.
- Develop differentiated leisure, wellness, dining, event and activity-based experiences
- Promote the Resort's proximity to Colombo to attract domestic travellers

(9) Climate-related physical risks

Description and Impact

Extreme weather events may damage property and infrastructure, disrupt operations and affect guest safety and access to the Resort. Over the longer term, coastal erosion may affect the beachfront, reduce the attractiveness of the coastal setting and increase maintenance and protective infrastructure costs.

Risk Rating

Impact: Medium | Likelihood: Medium

Mitigation actions

- Maintain emergency response and business continuity plans for extreme weather events.
- Monitor weather forecasts and coastal conditions to enable timely preventive action.
- Conduct regular inspections of drainage systems, buildings, beachfront areas and critical infrastructure.

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

The Board of Directors of Waskaduwa Beach Resort PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company for the financial year ended 31 March 2026, conforming to all relevant statutory requirements.

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

GENERAL

Waskaduwa Beach Resort PLC was incorporated on 7 January 2011 under the Companies Act No. 7 of 2007 as a limited company and was listed on the Colombo Stock Exchange in 2012. The Company was converted to a public limited company on 31 May 2012.

PRINCIPAL ACTIVITIES

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

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

REVIEW OF OPERATIONS

The Management discussion and analysis covers the operations of the Company during the financial year under review on pages 14 to 23.

FINANCIAL STATEMENTS

The complete Financial Statements of the Company, duly signed by two Directors on behalf of the Board are given on pages 71 to 111.

AUDITORS' REPORT

The Report of the Auditors on the Financial Statements of the Company is given on pages 68 to 70.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 75 to 86 and are consistent with those of the previous period.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

A further statement in this regard is included on page 60.

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 08 to 12.

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Mr. R G Seneviratne
Mrs. V S F Amunugama
Mr. S A Ameresekere
Mr. J M B Pilimatalawwe

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CHANGES IN THE DIRECTORATE OF THE COMPANY

There were no changes in the directorate during the period under review.

Recommendation for Re-election of Directors who retire by rotation Mrs. V S F Amunugama and Mr. J M B Pilimatalawwe retire by rotation in terms of Articles 88 and 89 of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee, are recommended by the Board for re-election.

Mr Priya Chandana Bandara Talwatte, Executive Director/Chief Executive Officer of the Company by his letter dated 11 August 2026 has tendered his resignation from the office of Director/ Chief Executive Officer effective from 11 November 2026. The Board has accepted his resignation and approved the appointment of Mr Amadoruge Don Nirekshe Vincent Perera as the Group Chief Executive Officer – designate effective from 1 September 2026 to facilitate a smooth and orderly transition as recommended by the Nominations and Governance Committee at its meeting held on 12 August 2026.

DIRECTORS' INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS AND INTEREST REGISTER

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

DIRECTORS' REMUNERATION

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

The Directors' Remuneration is disclosed under Key Management Personnel compensation in Note 29.3 to the Financial Statements on page 107.

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. 2,171,539/- is payable by the Company to the Auditors for the year under review. Rs. 771,539/- as audit fees and Rs. 1,400,000/- as non-audit fees respectively.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 24 August 2026 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Details of fee payable to the Auditors is set out in Note 08 to the Financial Statements on page 88.

INDEPENDENCE OF AUDITORS

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

STATED CAPITAL

The Stated Capital of the Company as at 31 March 2026 was Rs.3,579,991,156/- representing 936,683,988 ordinary shares. There were no changes in the Stated Capital of the Company during the year.

BOARD OF DIRECTORS AND RELEVANT INTEREST IN SHARES

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

Directors' interest in the shares of the Company as at 31 March 2026 and 31 March 2025 were as follows:

Name of the Director	No. of shares as at 31.03.2026	No. of shares as at 31.03.2025
Mr. S P S Ranatunga (Chairman)	Nil	Nil
Mr. P C B Talwatte (Director/CEO)	Nil	Nil
Mr S M A De Silva Sugathapala	70,192	70,192
Mr. R G Seneviratne	Nil	Nil
Mrs. V S F Amunugama	Nil	Nil
Mr. S A Ameresekere	Nil	Nil
Mr. J M B Pilimatalawwe	Nil	Nil
Mr. P L P Withana	Nil	Nil
Mr. P N Mahawatte	Nil	Nil

SHAREHOLDERS

There were 5,378 shareholders registered as at 31 March 2026 (4,818 shareholders as at 31 March 2025). The details of distribution are given on page 116 of this Report.

SHARE INFORMATION

Distribution Schedule of Shareholding

Information on the distribution of shareholding and the respective percentages and analysis of shareholders are given on page 116 to 117 under Shareholders Information.

EARNINGS, DIVIDENDS, NET ASSETS AND MARKET VALUE OF SHARES

Information relating to earnings, dividend, net assets and market value per share are given on page 114.

MAJOR SHAREHOLDERS

Information on the twenty largest shareholders of the Company is given on page 117 under Shareholder Information.

PUBLIC HOLDING

Information on public holding in terms of the Listing Rules is given on page 116 under Shareholder 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 31 March 2026, 229 persons were in employment (212 persons as at 31 March 2025).

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

RESERVES

The reserves of the Company with the movements during the year are given in financial statements on page 99.

LAND HOLDINGS

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

PROPERTY, PLANT & EQUIPMENT

Details and movements of property, plant and equipment are given in Note 13 to the Financial Statements on pages 92 to 96.

MATERIAL FORESEEABLE RISK FACTORS

As part of the governance process, the Board continuously reviews the Company's key risks and the effectiveness of its internal controls, and takes appropriate measures to mitigate identified risks.

Risk Management objectives & policies are set out in Note 30 on pages 107 to 110.

DONATIONS

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

DIVIDENDS

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

STATUTORY PAYMENTS

The Directors confirm that, to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions,

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

levies and taxes payable on behalf of and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or where relevant provided for, except for certain assessments where appeals have been lodged.

RISK MANAGEMENT

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

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 51 to 53.

ENVIRONMENTAL PROTECTION

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

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS PERTAINING TO THE COMPANY

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

CORPORATE GOVERNANCE

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

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

The Corporate Governance Statement on pages 25 to 50 explains the measures adopted by the Company during the year

POLICIES IN TERMS OF RULE 9.2 OF THE LISTING RULES

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

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

These Policies were subject to review by the relevant Sub Committees and there were no material changes to the policies during the year.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

The Board determined that all Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules and qualify to continue as Directors in their respective capacities, subject to those who retire by rotation, being re-elected by the shareholders at the forthcoming Annual General Meeting.

INDEPENDENCE OF DIRECTORS

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

POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has established a process for effective communication and relations with shareholders and investors. Accordingly, the shareholders have access to the Company as set out in Inner back cover of this Annual Report.

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

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

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

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

Additional disclosures by/pertaining to Directors

(i) Material Interests in Contracts involving the Company

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

(ii) Material Business Relationships with each other

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

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on pages 08 to 12

(iv) Review of Internal Controls

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

(v) Applicable Laws Rules and Regulations

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

There were no material non-compliance with law or regulation or any fines, which are material, imposed by any Government or regulatory authority in any jurisdiction where the Company has operations.

BOARD MEETINGS

Six (06) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 27

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.

INTERNAL CONTROLS

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

MAJOR TRANSACTIONS

The Board of Directors is required to act in accordance with Section 185 of the Companies Act No. 07 of 2007 with regard to 'major transactions' as per the said Section 185. There were no major transactions entered into by the Company during the year.

BOARD SUB COMMITTEES

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

AUDIT COMMITTEE

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

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

Mr. S P S Ranatunga
Independent Non-Executive Director

Mr. P N Mahawatte
Independent Non-Executive Director

The Report of the Audit Committee appears on pages 65 to 66.

REMUNERATION COMMITTEE

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

Mr. P N Mahawatte Chairman
Independent Non-Executive Director

Mr. P L P Withana
Independent Non-Executive Director

Mr. S A Ameresekere
Non-Executive Director

The Report of the Remuneration Committee appears on page 62.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

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

Mr. S P S Ranatunga
Independent Non-Executive Director

Mr. S A Ameresekere
Non-Executive Director

The Report of the Related Party Transactions Review Committee appears on page 61.

NOMINATIONS AND GOVERNANCE COMMITTEE

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

Mr. P N Mahawatte Chairman
Independent Non-Executive Director

Mr. S P S Ranatunga
Independent Non-Executive Director

Mr. J M B Pilimatalawwe
Non-Executive Director

The Report of the Nominations and Governance Committee appears on pages 63 to 64.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programmes, details of which are included in the Stakeholder Engagement section on pages 18 to 19 and the Operational Review on page 23.

DECLARATION - COMPLIANCE WITH THE LISTING RULES ON RELATED PARTY TRANSACTIONS

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

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

There were no non-recurrent related party transactions of which the aggregate value exceeded 10% of equity or 5% of total assets, whichever is lower, of the Group as per the latest Audited Financial Statements as at 31 March 2025. Accordingly, no additional disclosures are required in this Annual Report under Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange or the Code of Best Practices on Related Party Transactions issued under Section 13(c) of the Securities and Exchange Commission Act.

RECURRENT RELATED PARTY TRANSACTIONS – DISCLOSURE IN TERMS OF RULE 9.14.8 (2) OF THE LISTING RULES

Present below are the recurrent related party transactions which requires additional disclosure in this Annual Report in terms of Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange.

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the Financial year	Aggregate value of Related Party Transactions as a % of net Revenue/ Income	Terms and conditions of the Related Party Transactions
Hikkaduwa Beach Resort PLC	Parent Company	Inter-company funding, interest and other recurrent transactions	Rs. 122,576,980	10.05%	Normal commercial terms

SPECIAL BUSINESS

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

The "Special Business" set out as Item 2 of the Notice of Annual General Meeting relates to amendments to the Articles of Association of the Company, as recommended by the Directors, to be adopted by way of a Special Resolution, including the insertion of a new sub-article, Article 121(iv), under the existing heading, 'Alternate Directors', to provide that the appointment of an Alternate Director shall be subject to the approval of the Board.

EVENTS AFTER THE REPORTING DATE

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

GOING CONCERN

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

ANNUAL GENERAL MEETING

The Notice of the Fifteenth (15th) Annual General Meeting appears on page 118.

ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

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

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

S P S Ranatunga
Chairman

P C B Talwatte
Director/CEO

P W Corporate Secretarial (Pvt) Ltd
Secretaries

28 August 2026
Colombo

Statement of Directors' Responsibility

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

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on pages 68 to 70 of the Annual Report.

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

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per Section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting. The above obligation is discharged by the Directors by making available the Annual Report on the Company's official website and the Colombo Stock Exchange website in terms of Rule 7.5(b) of the Listing Rules of the Colombo Stock Exchange. As per the said Rule printed copies of the Annual Report will be made available to the shareholders on request.

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

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

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

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

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

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

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

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

The Financial Statements of the Company has been certified by the Group Head of Finance of the Company, the officer responsible for their preparation as required by the Section 152(1)(b) and they have also been signed by two Directors of the Company as required by Section 152(1)(c) of the Companies Act.

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

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

By Order of the Board of
Waskaduwa Beach Resort PLC

Dayesinghe

P W Corporate Secretarial (Pvt) Ltd
Secretaries

28 August 2026
Colombo

Related Party Transactions Review Committee Report

COMPOSITION OF THE COMMITTEE

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

Mr. P L P Withana -
Independent Non-Executive Director -
Chairman of the Committee

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

Mr. S A Ameresekere -
Non-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.

Member's Attendance at the Related Party Transactions Review Committee Meetings from 01.04.2025 to 31.03.2026 is as follows:

Members	Attendance
Mr. P L P Withana [from 03.05.2024]	4/4
Mr. S A Ameresekere [from 01.01.2016]	4/4
Mr. S P S Ranatunga [from 17.12.2024]	4/4

The Chief Executive Officer and The Group Head of Finance also attended to meetings by invitation. The Company Secretary functions as the Secretary to the Committee.

THE ROLE AND RESPONSIBILITIES

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

KEY ACTIVITIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE DURING THE FINANCIAL YEAR

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

The Committee has reviewed all related party transactions during the period and has established that they are in the best interest of the Company and comply with all standards of best practice and reporting and communicated the comments/ observations to the Board of Directors.

The terms and conditions of Related party transactions carried out in the ordinary course of business is further detailed in Note 29.1.

POLICIES AND PROCEDURES

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

Further all related party transactions are in accordance with Sri Lanka Accounting Standard 24 (LKAS 24) are disclosed under Note 29 to the Financial Statements.

KEY MANAGEMENT PERSONNEL

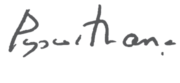
The Directors of the Company and its parent are considered Key Management Personnel of the Company. The Committee ensures that no participants in the discussions of a related party transaction shall have a direct related party for that transaction. However, such persons may participate in the discussion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

COMMITTEE EVALUATION

The Board conducted the annual evaluation of the Committee during the year and the review concluded that the Committee continues to operate effectively.

DECLARATION

A Declaration by the Board of Directors as an affirmative statement of the compliance and disclosure in accordance with the Listing Rules pertaining to related party transactions is given on page 58 of the Annual Report.



P L P Withana
Chairman - Related Party Transactions Review Committee

28 August 2026
Colombo

Remuneration Committee Report

COMPOSITION OF THE COMMITTEE

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

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

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

Mr. S A Ameresekere -
Non-Executive Director - Member

MEETINGS

The Committee met once during the financial year under review.

Member's Attendance at the Remuneration Committee Meetings from 01.04.2025 to 31.03.2026 is as follows:

Members	Attendance
Mr. P N Mahawatte [from 17.12.2024]	1/1
Mr. P L P Withana [from 17.12.2024]	1/1
Mr. S A Ameresekere [from 17.12.2024]	1/1

The Chief Executive Officer and Group Head of Finance also attended meetings by invitation. The Company Secretary functions as the Secretary to the Committee.

REMUNERATION POLICY

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

SCOPE

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

Corporate Management and Senior Executive staff and lays down guidelines for the compensation structure for all Executive staff and oversees the implementation thereof. The Chief Executive Officer who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed.

SUCCESSION PLANNING AND TALENT MANAGEMENT

Succession planning and talent management continued to be a key area of focus in the deliberations of the Committee during the year under review. The Committee conducted in depth talent reviews covering critical roles of the Company, the incumbent is such roles, and the potential successors. Accordingly, the Committee also reviewed the progress of their development plans

FEES

Non-Independent Non-Executive Directors do not receive Directors' fees. None of the Non-Executive Directors receive any performance or incentive payments.

PROFESSIONAL ADVICE

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

COMMITTEE EVALUATION

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

P N Mahawatte
Chairman - Remuneration Committee

28 August 2026
Colombo

Nominations and Governance Committee Report

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

The current composition of the committee is as follows:

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

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

Mr. J M B Pilimatalawwe -
Non-Executive Director -
Member

The attendance of the Members at the meetings is as follows:

Members	Attendance
Mr. J M B Pilimatalawwe [from 30.09.2024]	1/1
Mr. S P S Ranatunga [from 17.12.2024]	1/1
Mr. P N Mahawatte [from 17.12.2024]	0/1

The Committee met one time during the year.

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

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

The Chief Executive Officer and the Group Head of Finance attend meetings by invitation.

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

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

1. The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
2. Consider and recommend (or not recommend) the re- election of current Directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.
3. Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re-appoint Directors of the Company.
4. Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
5. Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors of the Company to ensure their responsibilities are satisfactorily discharged.
6. Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
7. Develop succession plans for the Board of Directors and Key Management Personnel.
8. Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
9. Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

DISCLOSURE OF ACTIVITIES

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

Newly appointed Directors were given an induction to the Company and the orientation programme includes inviting the Directors to the Resort facilities to gain an understanding of the

Nominations and Governance Committee Report

operations of the Company. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

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

The Company has adopted the following policies, with effect from 01 October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange:

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

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

COMMITTEE EVALUATION

The Board conducted the annual evaluation of the Committee during the year and the review concluded that the Committee continues to operate effectively.

RE-APPOINTMENTS / RE- ELECTIONS

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

Accordingly, the Committee has recommended to re-elect Mrs. Varuni Sonali Fernando Amunugama and Mr. Janesh Manoj Bandara Pilimatalawwe as Directors at the Annual General Meeting to be held on 24 September 2026, based on their performance and the contribution made to achieve the objectives of the Board.

Mr Priya Chandana Bandara Talwatte, Executive Director/Chief Executive Officer of the Company by his letter dated 11 August 2026 has tendered his resignation from the office of Director/ Chief Executive Officer effective from 11 November 2026. The Committee has accepted his resignation and has recommended the appointment of Mr Amadoruge Don Nirekshe Vincent Perera as the Group Chief Executive Officer – designate effective from 1 September 2026 to facilitate a smooth and orderly transition. Mr. Perera will assume the role of Group Chief Executive Officer of the Company with effect from 12 November 2026. The Board of Directors at its meeting held on 12 August 2026 has approved the above, as recommended by the Nominations and Governance Committee of even date.

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

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

The Corporate Governance requirements stipulated under the Listing Rules are met by the Company and details are given on pages 25 to 50 of this report.

P N Mahawatte
Chairman
Nominations and Governance Committee

28 August 2026
Colombo

Audit Committee Report

COMPOSITION OF THE COMMITTEE

The Audit Committee comprises of three (03) Independent Non-Executive Directors

The current composition of the Committee is as follows:

Mr. P L P Withana -
Independent Non-Executive Director -
Chairman of the Committee

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

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

MEETINGS

The Committee met six times during the period under review.

Member's Attendance at the Audit Committee Meetings from 01.04.2025 to 31.03.2026 is as follows:

Members	Attendance
Mr. P L P Withana [from 03.05.2024]	6/6
Mr. S P S Ranatunga [from 17.12.2024]	6/6
Mr. P N Mahawatte [from 17.12.2024]	5/6

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

The Chief Executive Officer and the Group Head of Finance also attended meetings by invitation. The Company Secretary functions as the Secretary to the Committee.

THE ROLE OF THE AUDIT COMMITTEE

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

OPERATION OF THE AUDIT COMMITTEE

The Chairman of the Audit Committee is a Fellow Member of Institute of Chartered Accountants of Sri Lanka. The Statutory Auditors, Chief Executive Officer, General Managers of the Hotel and Hotel Accountants attended these meetings of the Audit Committee at the invitation of the Chairman of the Audit Committee.

Outsourced Internal Auditors are utilised at the discretion of the audit committee when required on any given scope of work

The Company Secretary acts as Secretary to the Audit Committee. The members of the Audit Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense. The Committee met six times during the financial year ended 31 March 2026

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

FINANCIAL REPORTING

The Committee reviewed and discussed the unaudited Interim Financial Statements and the Financial Statements for the year with the management and the External Auditors ensuring that the Company's financial reporting gives a true and fair view in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 of 2007 prior to the recommendation of same to the Board.

INTERNAL CONTROL AND RISK MANAGEMENT

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

Audit Committee Report

undertook a review of the effectiveness of, and the framework for the Company's system of internal control and risk management, including financial, operational and compliance controls during the year.

In addition to this review, the External Auditors provided the Audit Committee with comprehensive reports of the results of their testing of controls that were carried out as part of the audits.

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

EXTERNAL AUDITORS

The Committee held meetings with the External Auditors to review the nature, approach and scope of audit. The Committee also reviewed the Audited Financial Statements with the External Auditors. The Committee also has a private audience with the External Auditors. No matters other than those that have already been discussed with management were raised by the External Auditors.

The Audit Committee is satisfied that the independence of the External Auditors has not been influenced by any event that results in a conflict of interest. The fees pertaining to audit have been reviewed and recommended to the Board.

REVIEW OF THE WORK OF THE EXTERNAL AUDITORS

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

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

The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination. To the extent that the Audit Committee is aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Audit Committee, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date. Confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka

The Company has implemented a policy of controlling the provision of non-audit services by the External Auditors in order to ensure that their objectivity and independence is safeguarded. The Audit Committee also continued with the appointment of other accountancy firms to provide certain non-audit services to the Company in connection with tax, other services and anticipates that this will continue in 2026/27

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 31 March 2027, subject to the approval of the shareholders at the next Annual General Meeting. A full breakdown of the audit and non-audit related fees are set out in Note 8 to the Financial Statements on page 88.

COMMITTEE EVALUATION

The Board conducted the annual evaluation of the Committee during the year and the review concluded that the Committee continues to operate effectively.

CONCLUSION

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

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

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

P L P Withana
Chairman - Audit Committee

28 August 2026
Colombo

FINANCIAL STATEMENTS

FINANCIAL CALENDAR

Interim Financial Statement - Quarter 1	15 August 2025
Interim Financial Statement - Quarter 2	12 November 2025
Interim Financial Statement - Quarter 3	15 February 2026
Interim Financial Statement - Quarter 4	31 May 2026
Annual General Meeting	24 September 2026

Independent Auditor's Report

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF WASKADUWA BEACH RESORT PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Waskaduwa Beach Resort PLC ("the Company"), which comprise the statement of financial position as at 31 March 2026, and the 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 material accounting policy information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key Audit Matter	How our audit addressed the key audit Matter
Assessment of fair value of land and buildings: Property, Plant and Equipment 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. 5,476.7 Mn and represents 93% 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. Key areas of significant judgements, estimates and assumptions used in assessing the fair value of the land and buildings, as disclosed in note 13.7, included judgements involved in ascertaining the appropriateness of valuation techniques and estimates such as: • Estimate of per perch price of the land • Estimate of the per square foot rate of the buildings	Our audit procedures included the following; • Assessed the competency, capability and objectivity of the external valuer engaged by the Company. • 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 per perch price of land, per square foot rate of building and valuation techniques as relevant in assessing the fair value of each property. • We have also assessed the adequacy of the disclosures made in notes 13 to the financial statements.

Key Audit Matter	How our audit addressed the key audit Matter
Interest Bearing Borrowings: As disclosed in note 22, the Company's total interest-bearing loans and borrowings amounted to Rs. 1,803.6 Mn, which represent a significant portion of its total liabilities. The disclosures related to such interest-bearing loans and borrowings are included in notes 22.1 and 22.2. We selected the interest-bearing loans and borrowings as a key audit matter due to: • the materiality of the reported amounts. • appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the financial statements	**Our audit procedures included the following;** • We obtained an understanding of the term of repayments and covenants attached to external borrowings, by reading the loan agreements. • We obtained direct confirmation from financial institutions for outstanding amounts as of the reporting date. • We assessed the maturity profile of the Company's interest-bearing borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements. We have also assessed the adequacy of the disclosures made in note 22 and note 30.4 to the financial statements relating to the interest-bearing loans and borrowings and liquidity risk aspects.

Other Information included in the 2026 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 the management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4169.

28 August 2026
Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 March	Note	2026 Rs.	2025 Rs.
Revenue	5	1,231,000,196	1,220,147,112
Cost of sales		(407,848,189)	(418,093,047)
Gross profit		823,152,007	802,054,065
Other income and gains	6	4,595,490	2,808,820
Administrative expenses		(393,378,070)	(346,752,604)
Operating expenses		(384,988,496)	(348,872,293)
Selling and marketing expenses		(23,102,593)	(37,190,613)
Operating profit/(loss)		26,278,338	72,047,375
Finance cost	7.2	(206,142,317)	(244,085,413)
Finance income	7.1	916,547	2,336,074
Loss before tax	8	(178,947,432)	(169,701,964)
Tax (expense)/ reversal	9	696,386	521,666
Loss for the year		(178,251,046)	(169,180,298)
Other comprehensive income/(loss)			
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods			
Revaluation gain on land and building	21	208,062,267	111,451,637
Deferred tax effect on revaluation of land and building	9.2.3	(62,418,681)	(33,435,491)
Actuarial gain/ (loss) on defined benefit plan	23.1	(375,850)	700,313
Deferred tax effect on defined benefit plan	9.2.3	112,755	(210,094)
Other comprehensive income for the year, net of tax		145,380,491	78,506,365
Total comprehensive loss for the year, net of tax		(32,870,555)	(90,673,933)
Basic Earnings/(loss) per share	10	(0.19)	(0.19)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 75 through 111 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Note	2026 Rs.	2025 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	13.3	5,613,847,952	5,500,436,561
		5,613,847,952	5,500,436,561
Current assets			
Inventories	15	43,054,859	36,662,290
Trade and other receivables	16	67,316,992	171,329,170
Advances and prepayments	17	109,998,819	22,348,684
Tax receivable	18	421,944	304,122
Cash and cash equivalents	19	42,128,890	59,859,720
		262,921,504	290,503,986
Total assets		5,876,769,456	5,790,940,547
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	20	3,579,991,156	3,579,991,156
Revaluation reserve	21	2,255,897,191	2,110,253,604
Accumulated losses		(3,651,894,450)	(3,473,380,309)
Total equity		2,183,993,897	2,216,864,451
Non-current liabilities			
Interest bearing loans and borrowings	22	1,686,720,000	1,446,954,070
Other payables - related parties	24.3	411,186,983	379,186,983
Deferred tax liability	9.2	964,161,444	902,551,904
Retirement benefit obligation	23	13,485,058	10,693,750
		3,075,553,485	2,739,386,707
Current liabilities			
Trade and other payables	24	496,395,761	451,568,750
Interest bearing loans and borrowings	22	116,871,377	377,841,511
Contract liability	25	3,954,936	5,279,128
		617,222,074	834,689,389
Total equity and liabilities		5,876,769,456	5,790,940,547

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

Kaushika Ranasinghe
Group Head of Finance

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

P. L. P Withana
Director

P. C. B. Talwatte
Director/ CEO

The accounting policies and notes on pages 75 through 111 form an integral part of these financial statements.

28 August 2026
Colombo

Statement of Changes in Equity

	Stated Capital	Revaluation Reserve	Accumulated Losses	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2024	2,901,702,750	2,032,237,458	(3,304,690,230)	1,629,249,978
Loss for the year	-	-	(169,180,298)	(169,180,298)
Other comprehensive income	-	78,016,146	490,219	78,506,365
Total comprehensive income/(loss), net of tax	-	78,016,146	(168,690,079)	(90,673,933)
Issue of shares during the year	678,288,406	-	-	678,288,406
Balance as at 31 March 2025	3,579,991,156	2,110,253,604	(3,473,380,309)	2,216,864,451
Balance as at 1 April 2025	3,579,991,156	2,110,253,604	(3,473,380,309)	2,216,864,451
Loss for the year	-	-	(178,251,046)	(178,251,046)
Other comprehensive income	-	145,643,587	(263,096)	145,380,491
Total comprehensive income/(loss)	-	145,643,587	(178,514,142)	(32,870,555)
Balance as at 31 March 2026	3,579,991,156	2,255,897,191	(3,651,894,450)	2,183,993,897

The accounting policies and notes on pages 75 through 111 form an integral part of these financial statements.

Statement of Cash Flows

Year Ended 31 March	Note	2026 Rs.	2025 Rs.
Cash flows from / (used in) operating activities			
Loss before income tax		(178,947,432)	(169,701,964)
Adjustments for :			
Depreciation	13.2	143,233,337	148,756,283
Provision for retirement benefit obligation	23.2	3,457,526	3,203,685
Impairment of trade receivables	16.3	112,965	(346,057)
Finance income	7.1	(916,547)	(2,336,074)
Finance cost	7.2	206,142,317	244,085,413
Operating profit before working capital changes		173,082,166	223,661,286
Decrease/(increase) in trade and other receivables		103,899,213	35,418,689
Decrease/(increase) in inventories		(6,392,569)	3,588,291
Decrease/(increase) in other non-financial assets		(87,650,135)	(13,729,302)
Increase/(decrease) in trade & other payables		76,827,008	(54,772,416)
Increase/(decrease) in contract liabilities		(1,324,192)	(10,835,718)
Cash generated from operations		258,441,491	183,330,830
Defined benefit plan cost paid	23.1	(1,042,068)	(2,032,410)
Tax paid		-	-
Finance cost paid		(169,914,886)	(210,604,908)
Net Cash from/(used) in operating activities		87,484,537	(29,306,487)
Cash flows from/ (used in) investing activities			
Acquisition of property, plant and equipment	13.4	(48,582,459)	(12,331,237)
Finance income received		798,725	2,099,958
Net cash flows from/(used in) investing activities		(47,783,734)	(10,231,279)
Cash flows from/ (used in) financing activities			
Proceeds From Interest Bearing Loans & Borrowings	22.1	166,500,000	-
Repayment of interest bearing loans and borrowings	22.1	(97,324,070)	(494,405,006)
Net Financed from related parties		(36,227,429)	(127,285,977)
Proceeds from Rights Issue	20	-	678,288,406
Net cash flows from financing activities		32,948,501	56,597,423
Net increase in cash and cash equivalents		72,649,304	17,059,657
Cash and cash equivalents at the beginning of the year		(79,391,791)	(96,451,448)
Cash and cash equivalents at the end of the year (Note A)		(6,742,487)	(79,391,791)
Note A			
Analysis of cash and cash equivalents			
Cash in hand and cash at bank	19	42,128,890	28,494,323
Short term deposits with original maturity less than three months	19	-	31,365,397
Bank overdrafts	22	(48,871,377)	(139,251,511)
Total cash and cash equivalents		(6,742,487)	(79,391,791)

The accounting policies and notes on pages 75 through 111 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Waskaduwa Beach Resort PLC (the 'Company') is a public limited liability company incorporated and domiciled in Sri Lanka, whose shares are listed on the Colombo Stock Exchange.

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

1.1 Principal Activities and Nature of Operations

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

1.2 Parent Entity and Ultimate Parent Entity

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

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

1.3 Date of Authorisation for Issue

The Financial Statements of Waskaduwa Beach Resort PLC for the year ended 31 March 2026 were authorised for issue in accordance with the resolution of the Board of Directors on 28 August 2026.

2. BASIS OF PREPARATION AND OTHER MATERIAL ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statements which comprise the statement of profit or loss and other comprehensive income, statement of financial position as at 31 March 2026, statement of changes in equity and the statement of cash flows for the year ended together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 7 of 2007.

The financial statements have been prepared on the historical cost basis, except for land and buildings classified as property, plant and equipment, which are subsequently measured at fair value.

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

Comparative Information

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

Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2026, based on available information, the management has assessed the impact of existing economic circumstances on the Company and the appropriateness of the use of the going concern basis. The Company evaluated the resilience of its businesses by considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment, and the amount of undrawn borrowing facilities, and potential sources of financing facilities.

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

2.2 Summary of Material Accounting Policy information

a) Current versus Non-Current Classification

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

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

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:

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

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Company classifies all other liabilities as non-current.
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Financial Statements

b) **Fair Value Measurement**

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

- In the principal market for the asset or liability

or

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

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

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

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

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

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

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

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

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

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

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

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

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

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

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

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

c) Revenue

(i) **Revenue from Contracts with Customers**

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

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

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

Contract Liabilities

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

Contract liabilities are recognised as revenue when the Company performs under the contract.

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

(ii) Interest Income

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

Interest income is included in finance income in the Statement of Profit or Loss.

(iii) **Rental Income, Other Income and Gains**

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

(iv) **Gains and Losses on Disposal of Assets**

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

d) 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 Company 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 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.

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.

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

Sales Tax

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

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

e) Foreign Currencies

The Company's financial statements are presented in Sri Lankan Rupees, which is also the Company's functional currency. The Company determines the functional currency and items included in the financial statements of the Company are measured using that functional currency.

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

f) Cash Dividend

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

A corresponding amount is recognised directly in equity.

g) Property, Plant and Equipment

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

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

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

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

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

Useful lives as follows;

Asset	Years
Buildings	6-40 Years
Furniture and Fittings	6 Years
Entertainment Equipment and Security Equipment	4 Years
Machinery and Other Equipment	10 Years
Electrical Fittings and Equipment	10 Years
Furnishing and Linen	3 Years
Kitchen Utensils and Other Equipment	10 Years
Air Condition System	15 Years
Crockery, Cutlery and Glassware	3 Years
Motor Vehicles	5 Years
Generator and Transformers	15 Years
Computers and Hardware	3 Years

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

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

Capital Work-in-Progress

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

h) **Borrowing Costs**

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

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

i) **Intangible Assets**

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

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

The useful life of intangible assets are as follows;

Asset	Years
Website	Over 3 Years
Computer Software	Over 3 Years

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

j) **Financial Instruments – Initial Recognition and Subsequent Measurement**

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

i. **Financial Assets**

Initial Recognition and Measurement

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

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

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

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

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

Subsequent Measurement

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

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

Financial Assets at Amortised Cost (Debt Instruments)

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

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

and

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

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

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

Financial Assets Designated at Fair Value through OCI (Equity Instruments)

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

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

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

Financial Assets at Fair Value through OCI (Debt Instruments)

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

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

and

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

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

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

Financial Assets at Fair Value through Profit or Loss

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

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

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

De-recognition

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

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

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

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

Impairment of Financial Assets

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

Disclosure	Note
Disclosures for significant assumptions	Note 04
Financial assets	Note 11
Trade receivables	Note 16

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

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

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

ii. Financial Liabilities

Initial Recognition and Measurement

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

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

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

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

Financial liabilities at fair value through profit or loss 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 Company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

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

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

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

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

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

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

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

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

Category	Cost Basis
Food and Beverages	At Weighted Average Cost
Housekeeping and Maintenance Stock	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.

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

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

Impairment / Reversal of Impairment
An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

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

m) **Cash and Cash Equivalents**

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from the date of acquisition) are also treated as cash equivalents.

n) **Provisions**

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of 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 Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

Employee Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

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

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 23. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

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

Short-term Benefits

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

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

The following Sri Lanka Accounting Standards and interpretations have been issued by the Institute of Chartered Accountants of Sri Lanka which are not yet effective as at 31 March 2026.

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company 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, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts including life, non-life, direct insurance, reinsurance as well as certain guarantees and financial

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organised and communicated.

The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

SLFRS 19 Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted

The potential impact of SLFRS 19 is currently being identified and evaluated.

Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the financial statements.

- Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined Benefit Plans (Pension Benefits)

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

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

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

Further details about pension obligations are provided in Note 23.

Provision for Expected Credit Losses of Trade Receivables

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

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

Recoverability of Deferred Tax Assets

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

Performance Obligations and Significant Judgements

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

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

The transaction price represents the consideration receivable from guests, travel agents, corporate customers and other customers for rooms, food and beverage, banquets, events and other hotel-related services, net of applicable taxes, discounts and rebates. Advance payments received from customers are recognised as contract liabilities and recognised as revenue when the related services are provided.

Fair Value of Freehold Land and Buildings

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

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

Impairment of Non-Financial Assets

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

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

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

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

5 REVENUE

5.1 Revenue from contracts with customers

Year Ended 31 March	2026 Rs.	2025 Rs.
Hotel income (Note 5.1.1)	1,231,000,196	1,220,147,112
	1,231,000,196	1,220,147,112

5.1.1 Segmentation of the revenue

Year Ended 31 March	2026 Rs.	2025 Rs.
Room revenue	657,126,903	632,282,272
Food revenue	321,172,921	330,546,977
Beverage revenue	50,890,134	64,398,891
Banquet revenue	192,486,453	185,308,430
Laundry revenue	844,270	561,995
Spa revenue	8,479,515	7,048,547
	1,231,000,196	1,220,147,112

5.1.2 Timing of Revenue Recognition

Year Ended 31 March	2026 Rs.	2025 Rs.
Services transferred over time	657,126,903	632,282,272
Services transferred at a point of time	573,873,293	587,864,840
	1,231,000,196	1,220,147,112

6 OTHER INCOME AND GAINS

Year Ended 31 March	2026 Rs.	2025 Rs.
Shop rent income	610,170	367,999
Insurance claim income	1,684,049	-
Other sundry income	2,301,271	2,440,821
	4,595,490	2,808,820

7 FINANCE INCOME AND COSTS

7.1 Finance Income

Year Ended 31 March	2026 Rs.	2025 Rs.
Interest income on fixed deposits and savings accounts	916,547	2,336,074
	916,547	2,336,074

7.2 Finance Cost

Year Ended 31 March	2026 Rs.	2025 Rs.
Interest expense on bank overdrafts	6,530,719	14,969,134
Interest expense on bank loans	163,384,169	195,742,497
Interest on related party payables	35,976,744	32,873,782
Mortgage fee	250,685	500,000
	206,142,317	244,085,413

8 LOSS BEFORE TAX

Year Ended 31 March	2026 Rs.	2025 Rs.
Loss before tax is stated after charging the following, among others:		
Costs of defined employee benefits		
- Salaries and wages	133,348,509	113,152,330
- Defined benefit plan costs - gratuity	3,457,526	3,203,685
- Defined contribution plan costs - EPF and ETF	19,971,564	16,946,939
Depreciation	143,233,337	148,756,285
Impairment of trade receivables	112,965	(346,057)
Business promotion and advertising costs	14,419,610	17,062,755
Directors' fees	1,400,000	988,899
Auditors' remuneration	-	-
- Statutory audit fee	771,539	600,000
- Non audit fee	1,400,000	1,926,250

9 TAX EXPENSE

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

Year Ended 31 March	2026 Rs.	2025 Rs.
Current income tax		
Current income tax charge on other sources of income (Note 9.1)	-	-
Deferred tax expenses		
Deferred tax expenses /(reversal) (Note 9.2.2)	(696,386)	(521,666)
Income tax expense/ (reversal) reported in the statement of profit or loss	(696,386)	(521,666)

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

Year Ended 31 March	2026 Rs.	2025 Rs.
Accounting loss before income tax	(178,947,432)	(169,701,964)
Add: Aggregate disallowed items	148,129,441	157,383,105
Less: Aggregate allowable items	(21,845,772)	(23,237,910)
Less: Non business income	(916,547)	(2,336,074)
Less: Non taxable income	-	(1,632,556)
Business loss (Note 9.1.1)	(53,580,310)	(39,525,399)
Other sources of income		
Interest income	916,547	2,336,074
Total statutory income	916,547	2,336,074
Tax losses deducted against other sources of income	(916,547)	(2,336,074)
Total taxable income	-	-
Income tax on other sources of income at 30%	-	-

9.1.1 Income tax rates

Hotel Operations

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

Other income and gains

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

9.1.2 The business loss in Note 9.1 cannot be claimed nor carried forward since the company enjoys a tax exemption.

9.2 Deferred tax liability

9.2.1 Statement of financial position

Year Ended 31 March	2026 Rs.	2025 Rs.
At the beginning of the year	902,551,904	869,427,985
Recognised in profit or loss	(696,386)	(521,666)
Recognised in other comprehensive income	62,305,926	33,645,585
At the end of the year	964,161,444	902,551,904
Net deferred tax liability relates to the following:		
Defined benefit obligation	(4,045,518)	(3,208,125)
Capital allowances for tax purposes	1,393,881	1,365,628
Revaluation of land and building	966,813,081	904,394,401
Net deferred tax liability	964,161,444	902,551,904

9.2.2 Statement of profit or loss

Year Ended 31 March	2026 Rs.	2025 Rs.
Deferred tax expense/ (reversal) arising from		
- Capital allowances for tax purpose	28,253	(170,283)
- Defined benefit obligation	(724,639)	(351,383)
Total deferred tax expense/ (reversal) for the year	(696,386)	(521,666)

9.2.3 Statement of other comprehensive income

Year Ended 31 March	2026 Rs.	2025 Rs.
Deferred tax expense/ (reversal) arising from		
- Defined benefit obligation	(112,755)	210,094
- Revaluation of land/ building	62,418,681	33,435,491
Total deferred tax expense/(reversal) for the year	62,305,926	33,645,585

10 BASIC LOSS PER SHARE

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

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

Year Ended 31 March	2026 Rs.	2025 Rs.
Amount used as the numerator:		
Net loss for the year	(178,251,046)	(169,180,298)
Number of ordinary shares as at reporting date	936,683,988	936,683,988
Number of ordinary shares used as denominator:		
Weighted average number of ordinary shares in issue applicable to basic loss per share	936,683,988	910,498,733
Basic loss per share	(0.19)	(0.19)

11 FINANCIAL INSTRUMENTS

11.1 Financial assets and liabilities by categories

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

Year Ended 31 March	2026		2025	
	Fair value through profit or loss	**Amortised cost**	Fair value through profit or loss	Amortised cost
	Rs.	**Rs.**	Rs.	Rs.
Financial assets				
Trade and other receivables (Note 16)	-	67,316,992	-	171,329,170
Short term bank deposit (Note 19.1)	-	-	-	31,365,397
	-	67,316,992	-	202,694,567

Year Ended 31 March	Fair value through profit or loss	Other financial liabilities	Fair value through profit or loss	Other financial liabilities
	Rs.	Rs.	Rs.	Rs.
Financial liabilities				
Interest bearing loans and borrowings (Note 22)	-	1,803,591,377	-	1,824,795,581
Trade and other payables (Note 24)	-	907,582,744	-	830,755,733
	-	2,711,174,121	-	2,655,551,314

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

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

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

12 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the company's assets measured at fair value

As at 31 March			2026			
			Fair Value measurement using			Total fair value
Assets measured at fair value	Note	Date of Valuation	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**	
			Level 1	**Level 2**	**Level 3**	
			Rs.	**Rs.**	**Rs.**	Rs.
Non-financial assets						
Property, plant and equipment						
- Freehold land	(Note 13)	31 March 2026	-	-	1,424,759,800	1,424,759,800
- Buildings	(Note 13)	31 March 2026	-	-	4,051,863,350	4,051,863,350
			-	-	5,476,623,150	5,476,623,150

Notes to the Financial Statements

As at 31 March			2025			Total fair value
			Fair value measurement using			
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
Assets measured at fair value	Note	Date of valuation	Level 1	Level 2	Level 3	
			Rs.	Rs.	Rs.	Rs.
Non-financial assets						
Property, Plant & Equipment						
- Freehold land	(Note 13)	31 March 2025	-	-	1,410,380,000	1,410,380,000
- Buildings	(Note 13)	31 March 2025	-	-	3,972,418,811	3,972,418,811
			-	-	5,382,798,811	5,382,798,811

13 PROPERTY, PLANT AND EQUIPMENT

13.1 Gross carrying amounts

	Balance As at 01.04.2025	Additions	Disposals	Revaluation	Adjustment on Revaluation	**Balance As at 31.03.2026**
	Rs.	Rs.	Rs.	Rs.	Rs.	**Rs.**
At Cost / valuation						
Land and land improvements	1,410,380,000	-	-	14,379,800	-	**1,424,759,800**
Buildings	3,972,418,811	-	-	193,682,467	(114,237,928)	**4,051,863,350**
Motor vehicle	1,150,766	-	-	-	-	**1,150,766**
Computer and hardware	22,523,420	841,130	-	-	-	**23,364,550**
Machinery and other equipment	137,635,755	1,540,925	-	-	-	**139,176,680**
Electrical fittings and equipment	84,404,607	1,248,211	-	-	-	**85,652,818**
Kitchen, bar utensils and other equipment	128,213,632	522,211	-	-	-	**128,735,843**
Entertainment and security equipment	72,139,413	1,331,788	-	-	-	**73,471,201**
Air condition systems	187,096,226	444,906	-	-	-	**187,541,132**
Furniture and fittings	197,403,118	3,705,564	-	-	-	**201,108,682**
Furnishing and linen	74,587,955	1,384,338	-	-	-	**75,972,293**
Cutlery crockery and glassware	10,669,472	894,479	-	-	-	**11,563,951**
Generator and transformers	55,889,114	-	-	-	-	**55,889,114**
Total gross carrying amount	6,354,512,289	11,913,552	-	208,062,267	(114,237,928)	6,460,250,180

13.2 Depreciation

	Balance As at 01.04.2025 Rs.	Charge for the Year Rs.	Disposals Rs.	Adjustment on Revaluation Rs.	**Balance As at 31.03.2026 Rs.**
At Cost/ Valuation					
Buildings	-	114,237,928	-	(114,237,928)	**-**
Motor vehicle	1,150,766	-	-	-	**1,150,766**
Computer and hardware	20,837,265	944,832	-	-	**21,782,097**
Machinery and other equipment	130,851,129	1,244,701	-	-	**132,095,830**
Electrical fittings and equipment	77,405,556	1,060,107	-	-	**78,465,663**
Kitchen, bar utensils and other equipment	124,872,023	675,486	-	-	**125,547,509**
Entertainment and security equipment	67,648,879	2,979,519	-	-	**70,628,398**
Air condition systems	130,376,015	12,489,286	-	-	**142,865,301**
Furniture and fittings	195,041,198	1,123,010	-	-	**196,164,208**
Furnishing and linen	66,934,097	3,695,658	-	-	**70,629,755**
Cutlery crockery and glassware	9,150,949	1,056,870	-	-	**10,207,819**
Generator and transformers	29,807,849	3,725,940	-	-	**33,533,789**
Total depreciation	854,075,726	143,233,337	-	(114,237,928)	**883,071,135**

13.3 Net book values

	2026 Rs.	2025 Rs.
At Cost/ Valuation		
Land and land improvements	**1,424,759,800**	1,410,380,000
Buildings	**4,051,863,350**	3,972,418,811
Computer and hardware	**1,582,453**	1,686,155
Machinery and other equipment	**7,080,850**	6,784,626
Electrical fittings and equipment	**7,187,155**	6,999,047
Kitchen, bar utensils and other equipment	**3,188,334**	3,341,611
Entertainment and security equipment	**2,842,803**	4,490,533
Air condition systems	**44,675,831**	56,720,211
Furniture and fittings	**4,944,474**	2,361,919
Furnishing and linen	**5,342,538**	7,653,859
Cutlery crockery and glassware	**1,356,132**	1,518,523
Generator and transformers	**22,355,325**	26,081,265
	5,577,179,045	5,500,436,561
In the Course of Construction		
Work in progress	**36,668,907**	-
Total Carrying Amount of Property, Plant and Equipment	**5,613,847,952**	5,500,436,561

13.4 During the financial year, the company acquired Property, plant & equipment with an aggregate value of Rs. 48,582,459/- (2025- Rs. 12,331,237/-) . Cash payments amounting to Rs. 48,582,459/- (2025 - Rs. 12,331,237/-) were made during the year for the purchase of Property, Plant and Equipment.

13.5 Property, plant and equipment includes fully depreciated assets having a gross carrying amount of Rs.656,369,497/- (2025 -Rs. 640,264,667/-)

13.6 The land and buildings belonging to Waskaduwa Beach Resort PLC, situated at No. 427, Samantara Road, Kudawaskaduwa, Kalutara were revalued by Mr. T. M. H. Mutaliph D.I.V - F.P (CTC - Sri Lanka), Chartered Valuer as at 31 March 2026, who has recent experience in valuing properties of similar location and category. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 March 2026. Such assets were valued based on market based evidence and depreciated replacement cost method. The surplus arising from the revaluation was transferred to the revaluation reserve.

13.7 Valuation technique, inputs and relationship with fair value

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

Valuation date 31 March 2026

Location	Extent Perch	Valuation Date	Valuation technique	Significant unobservable input : price per perch/ acre /range	Fair Value measurement using Significant unobservable inputs (Level 3) Rs. Mn Rs.
Land	1,377.98	31-Mar-26	**Open market value method**	Rs. 1,010,000/-per perch	1,391.76
Landscaping	-	31-Mar-26	This method considers the selling price of a similar property within a reasonably recent period of time in the determining the value of property being revalued. This involves evaluation of recent active market price of similar assets,making appropriate adjustments for difference in size, nature and location of the property.		33.00

Location	Room area Sq.ft	Other Sq.ft	Valuation technique	Significant unobservable input : price per Sq.ft.		Fair Value measurement using Significant unobservable inputs (Level 3)
				Room Area	Other Area	Rs.Mn
Building Waskaduwa						
Ground floor	14,912	75,366	Depreciated replacement cost *	Rs.27,500/- per Sq.ft	Rs.17,500/- per Sq.ft	1,728.99
First floor	16,776	54,132	Depreciated replacement cost *	Rs.27,500/- per Sq.ft	Rs.7,250/- per Sq.ft	853.80
Second floor	16,776	15,127	Depreciated replacement cost *	Rs.27,500/- per Sq.ft	Rs.8,000/- per Sq.ft	582.36
Third floor	16,776	12,115	Depreciated replacement cost *	Rs.28,000/- per Sq.ft	Rs.8,500/- per Sq.ft	572.71
	8,511	-	Depreciated replacement cost *	Rs.22,000/- per Sq.ft	-	187.24
Roof Top and Other	-	3,701	Depreciated replacement cost *		Rs.3,000/- per Sq.ft	11.10
	-	29,558	Depreciated replacement cost *		Rs.3,000/- per Sq.ft	88.67
Swimming pool		450	Depreciated replacement cost *		Rs.60,000 per Sq.ft	27.00

* The depreciated replacement cost method estimates the amount required to replace the asset with a comparable new asset, adjusted for accumulated depreciation to reflect physical deterioration, functional obsolescence, and economic factors. This approach provides a fair value estimate by considering the asset's remaining useful life, current condition, and prevailing market conditions, in line with IFRS valuation principles.

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

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

As at 31 March	Cost	Cumulative Depreciation if assets were carried at cost	**Net Carrying Amount 2026**	Net Carrying Amount 2025
	Rs.	Rs.	**Rs.**	Rs.
Class of assets				
Land	627,141,368	-	**627,141,368**	627,141,368
Building	2,601,128,428	806,201,782	**1,794,926,646**	1,909,164,574
	3,228,269,796	806,201,782	**2,422,068,014**	2,536,305,942

13.9 Impairment Assessment of Property, Plant and Equipment

The hotel property has been identified as a cash-generating unit (CGU) for impairment assessment purposes. The impairment test was carried out for the Hotel properties considering their fair value less cost of disposal 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 2026, and no impairment loss was recognised.

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

Year Ended 31 March	2026	2025
Discount rate :	11.56%	12.49%
Terminal growth rate :	4.00%	4.00%
Price per perch of land	Rs: 1,010,000	Rs: 1,000,000
Rate per square foot of building	Rs: 3,000 - Rs: 27,500	Rs: 3,500 - Rs: 27,500

14 INTANGIBLE ASSETS

Year Ended 31 March	2026			2025
	Website	Software	Total	Total
	Rs.	Rs.	Rs.	Rs.
Cost				
At the beginning of the year	1,067,583	1,243,091	2,310,674	2,310,674
Acquisitions during the year	-	-	-	-
At the end of the year	1,067,583	1,243,091	2,310,674	2,310,674
Amortisation				
At the beginning of the year	1,067,583	1,243,091	2,310,674	2,310,674
Amortisation for the year	-	-	-	-
At the end of the year	1,067,583	1,243,091	2,310,674	2,310,674
Carrying amount	-	-	-	-

* The cost incurred for the development of Website and purchase of Accounting Software have been categorised as intangible asset. Intangible assets are amortised over 03 years

15 INVENTORIES

As at 31 March	2026	2025
	Rs.	Rs.
Food & beverage	19,654,319	22,153,000
Housekeeping & Maintenance	4,689,153	6,917,744
Other stocks	18,711,387	7,591,546
	43,054,859	36,662,290

No impairment was recognised on the inventories.

16 TRADE AND OTHER RECEIVABLES

Year Ended 31 March	2026	2025
	Rs.	Rs.
Trade debtors - Others	55,516,927	154,156,460
- Related parties (16.1)	8,043,390	12,068,374
	63,560,317	166,224,834
Less: Impairment for trade debtors (16.3)	(5,732,331)	(5,619,365)
	57,827,986	160,605,469
Other debtors - Others	9,386,656	10,723,701
- Related Parties	102,350	-
Current trade and other receivables	67,316,992	171,329,170

16.1 Trade debtors - related parties

Year Ended 31 March	Relationship	2026	2025
		Rs.	Rs.
Triad (Pvt) Ltd.	Affiliate Company	340,500	308,782
George Steuart Travels (Pvt) Ltd.	Affiliate Company	350,160	-
George Steuart Health (Pvt) Ltd.	Affiliate Company	406,100	4,480,550
Power House Limited	Affiliate Company	117,322	267,742
George Steuart Solutions (Pvt) Ltd.	Affiliate Company	956,195	1,068,187
Liberty Publishers (Pvt) Ltd.	Affiliate Company	500,000	570,000
George Steuart Engineering (Pvt) Ltd.	Affiliate Company	5,373,113	5,373,113
		8,043,390	12,068,374

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

Trade and other receivables

	Neither past due nor impaired	Past due					
	< 30 Days	31 - 60 Days	61 - 90 Days	91 - 180 Days	181-365 Days	>365 Days	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
2026							
Trade debtors	42,734,201	7,353,721	1,203,450	560,000	3,512,136	8,196,809	63,560,317
Less: Impairment for trade debtors	-	-	-	-	-	(5,732,331)	(5,732,331)
	42,734,201	7,353,721	1,203,450	560,000	3,512,136	2,464,478	57,827,986
2025							
Trade debtors	69,118,794	79,231,215	10,388,672	272,170	3,709,381	3,504,602	166,224,834
Less: Impairment for trade debtors	-	-	-	-	(2,114,763)	(3,504,602)	(5,619,365)
	69,118,794	79,231,215	10,388,672	272,170	1,594,618	-	160,605,469

16.3 Impairment for trade debtors

Year Ended 31 March	2026 Rs.	2025 Rs.
As at beginning of the year	5,619,365	5,965,422
Charge/(Reversal) for the year	112,966	(346,057)
As at end of the year	5,732,331	5,619,365

17 ADVANCES AND PREPAYMENTS

As at 31 March	2026 Rs.	2025 Rs.
Advances	102,465,900	15,102,730
Prepayments	7,314,839	7,027,874
Deposits	218,080	218,080
	109,998,819	22,348,684

18 TAX RECEIVABLE

As at 31 March	2026 Rs.	2025 Rs.
Withholding tax receivable	421,944	304,122
	421,944	304,122

19 CASH AND CASH EQUIVALENTS

	Year Ended 31 March	2026 Rs.	2025 Rs.
19.1	**Favourable balances**		
	Short term bank deposit (Note 19.3)	-	31,365,397
	Cash at bank	17,189,367	4,272,415
	Cash in hand	24,939,523	24,221,908
		42,128,890	59,859,720
19.2	**Unfavourable balances**		
	Bank overdraft	(48,871,377)	(139,251,511)
	Total cash and cash equivalents for the purpose of the Statement of Cash Flows	(6,742,487)	(79,391,791)

19.3 Short term bank deposit

As at 31 March	Credit Rating	2026 Rs.	2025 Rs.
Sampath Bank PLC	AA-(lka)	-	31,365,397
		-	31,365,397

20 STATED CAPITAL

As at 31 March	2026		2025	
	Number	Rs.	Number	Rs.
At the beginning of the year	936,683,988	3,579,991,156	559,857,096	2,901,702,750
Shares issued	-	-	376,826,892	678,288,406
Issued and fully paid ordinary shares	936,683,988	3,579,991,156	936,683,988	3,579,991,156

21 REVALUATION RESERVE

Nature and purpose of the reserve

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

Year Ended 31 March	2026 Rs.	2025 Rs.
Revaluation reserve at the beginning of the year	2,110,253,604	2,032,237,458
Surplus on revaluation of land and building	208,062,267	111,451,637
Deferred tax effect on revaluation of land and building	(62,418,681)	(33,435,491)
Revaluation reserve at the end of the year	2,255,897,191	2,110,253,604

22 INTEREST BEARING LOANS AND BORROWINGS

Year Ended 31 March	2026 Rs.	2025 Rs.
Non-current interest bearing loans and borrowings		
Long term loans (22.1)	1,686,720,000	1,446,954,070
	1,686,720,000	1,446,954,070
Current interest -bearing loans and borrowings		
Long term loans (22.1)	68,000,000	238,590,000
Bank overdrafts (19.2)	48,871,377	139,251,511
	116,871,377	377,841,511
Total interest-bearing loans and borrowings	1,803,591,377	1,824,795,581

22.1 Long term loans

Year Ended 31 March	2026 Rs.	2025 Rs.
At the beginning of the year	1,685,544,070	2,179,949,076
Loan obtained during the year	501,610,000	-
Repayments during the Year	(432,434,070)	(494,405,006)
At the end of the year	1,754,720,000	1,685,544,070
Current	68,000,000	238,590,000
Non Current	1,686,720,000	1,446,954,070
	1,754,720,000	1,685,544,070

*During the year, facilities amounting to Rs. 335.11 mn were restructured under revised financing arrangements, with the proceeds applied directly towards the settlement of the existing facilities. Accordingly, the related movements are not reflected in the Statement of Cash Flows.

22.2 Security and repayment terms

Lender	Nature of facility	Interest Rate	Repayment terms	Details of collaterals	Carrying value of facility 2026 Rs.	Carrying value of facility 2025 Rs.	Carrying value of assets pledged 2026 Rs.	Carrying value of assets pledged 2025 Rs.
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the Fixed Deposits + applicable margin percentage payable	On demand	Overdraft agreement for Rs. 20,500,000/- & Lien over funds lying to the credit of following fixed deposits in the name of the company and its successive renewal together with a company Letter of Set -off	-	9,397,512	-	31,365,848
Sampath Bank PLC	Permanent Overdraft	AWPLR+Margin p.a. payable monthly	On demand	Overdraft agreement for Rs. 75,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa.	-	75,880,200	-	5,382,798,812
Sampath Bank PLC	Term Loan Facility	AWPLR+Margin p.a. payable monthly	96 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/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa.	776,260,000	808,160,000	5,476,623,150	5,382,798,812
Sampath Bank PLC	Moratorium Loan Facility	Fixed rate p.a. payable monthly	60 Monthly Instalments	Loan agreement for Rs. 519,649,104.85/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/-and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa.	-	360,114,070	-	5,382,798,812
Sampath Bank PLC	Term Loan Facility	AWPLR+Margin p.a. payable monthly	96 Monthly Instalments	Loan agreement for Rs. 540,500,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa.	494,650,000	517,270,000	5,476,623,150	5,382,798,812

Lender	Nature of facility	Interest Rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of assets pledged	
					2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Sampath Bank PLC	Moratorium Loan Facility	Fixed rate p.a. payable monthly	40 Monthly Instalments	Loan agreement for Rs. 338,110,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa.	324,110,000	-	5,476,623,150	-
Sampath Bank PLC	Term Loan Facility	AWPLR+Margin p.a. payable monthly	94 Monthly Instalments	Loan agreement for Rs. 100,000,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa.	97,600,000	-	5,476,623,150	-
Sampath Bank PLC	Term Loan Facility	AWPLR+Margin p.a. payable monthly	96 Monthly Instalments	Loan agreement for Rs. 63,500,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa.	62,100,000	-	5,476,623,150	-
Sampath Bank PLC	Permanent Overdraft	AWPLR+Margin p.a. payable monthly	On demand	Overdraft agreement for Rs. 50,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- and Rs.430,000,000/- over land and building of Hotel Citrus Waskaduwa.	48,871,377	-	5,476,623,150	-
Commercial Bank of Ceylon PLC	Permanent Overdraft	AWPLR+Margin p.a. payable monthly	On demand	Property called 'Sanathoduwa' situated in Kalpitiya, which is an amalgamation of the land owned by the Hikkaduwa Beach Resort PLC	-	49,715,558	-	233,287,500

23 POST-EMPLOYMENT BENEFIT OBLIGATION

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

The liability is not externally funded. All Actuarial gains or losses are recognised under other comprehensive income. Under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. When the benefits or plan are changed or when a plan is curtailed,the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

23.1 Retirement Benefit Obligation

Year Ended 31 March	2026 Rs.	2025 Rs.
As at beginning of the year	10,693,750	10,222,788
Current service cost	2,388,151	1,976,950
Interest cost	1,069,375	1,226,735
Actuarial (gain)/loss arising from changes in assumptions	375,850	(700,313)
Payments made during the year	(1,042,068)	(2,032,410)
As at end of the year	13,485,058	10,693,750

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

Year Ended 31 March	2026 Rs.	2025 Rs.
Expense recognised in profit or loss		
Current service cost	2,388,151	1,976,950
Interest cost	1,069,375	1,226,735
	3,457,526	3,203,685
Actuarial (Gain)/Loss recognised directly in OCI	375,850	(700,313)

23.3 Maturity profile of the defined benefit obligation

Year Ended 31 March	2026 Rs.	2025 Rs.
Within the next 12 months	2,656,912	2,626,993
Between 1-2 Years	4,490,763	3,423,181
Between 3-5 Years	4,139,108	3,056,350
Between 6-10 Years	1,874,794	1,310,584
Beyond 10 Years	323,481	276,642
Total	13,485,058	10,693,750

23.4 **Principal assumptions used for actuarial valuation,**

Messrs. Actuarial & Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the Projected Unit Credit Method as at 31 March 2026. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2026	**2025**
Discount rate assumed	9%	10%
Future Salary increase rate	10%	10%
Staff turnover	32%	31%
Retirement Age	60 Years	60 Years

23.5 **Sensitivity analysis**

The following table demonstrates the sensitivity to a reasonable possible change in the most significant key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2025/26. The sensitivity of the Income Statement and Statement of Financial Position are the effect of the assumed changes in discount rate and salary increase rate on the profit or loss and post employment benefit liability for the year.

	2026	**2025**
	Rs.	**Rs.**
Discount Rate as at 31 March		
Effect on DBO due to decrease in the discount rate by 1%	935,295	335,237
Effect on DBO due to increase in the discount rate by 1%	70,589	(314,707)
Salary escalation rate as at 31 March		
Effect on DBO due to decrease in salary escalation rate by 1%	7,790	(365,242)
Effect on DBO due to increase in salary escalation rate by 1%	993,534	382,640

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

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

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

23.6 The average duration of the defined benefit plan obligation at the end of the reporting period is 3.4 years. (2025 - 3 years).

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

Notes to the Financial Statements

24 TRADE AND OTHER PAYABLES

Year Ended 31 March	2026 Rs.	2025 Rs.
Trade Payables - others	93,687,668	80,536,761
- related parties (Note 24.1)	3,167,130	3,969,025
Other Payables - others	25,536,047	26,861,206
- related parties (Note 24.2)	90,121,910	120,919,628
Notes payable	183,632,665	138,234,958
Sundry creditors including accrued expenses	100,250,341	81,047,172
Current trade and other payables	496,395,761	451,568,750
Non- current trade and other payables (24.3)	411,186,983	379,186,983

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

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

24.1 Trade Payables - related parties

Year Ended 31 March	Relationship	2026 Rs.	2025 Rs.
George Steuart Consumer (Pvt) Ltd.	Affiliate Company	1,347,565	2,149,461
George Steuart Teas (Pvt) Ltd	Affiliate Company	98,112	98,112
Divasa Equity (Pvt) Ltd.	Affiliate Company	264,935	264,935
Triad (Pvt) Ltd.	Affiliate Company	658,443	658,443
Adpack Productions (Pvt) Ltd.	Affiliate Company	393,200	244,000
George Steuart Travel Ltd.	Affiliate Company	244,000	393,199
Hammer BTL (Pvt) Ltd.	Affiliate Company	14,662	14,662
Printage (Pvt) Ltd.	Affiliate Company	146,213	146,213
		3,167,130	3,969,025

24.2 Other payables - related Party

Year Ended 31 March	Relationship	2026 Rs.	2025 Rs.
Citrus Leisure PLC	Intermediate Parent Company	19,450,001	77,297,539
Hikkaduwa Beach Resort PLC	Parent Company	70,671,909	43,622,089
		90,121,910	120,919,628

24.3 Non- current other payables-related party

Year Ended 31 March	Relationship	2026 Rs.	2025 Rs.
Hikkaduwa Beach Resort PLC	Parent Company	411,186,983	379,186,983
		411,186,983	379,186,983

25 CONTRACT LIABILITIES

25.1 Contract balances

As at 31 March	2026 Rs.	2025 Rs.
Advance received for future room reservations	598,791	2,275,183
Advance received for future banquet reservations	3,356,145	3,003,945
	3,954,936	5,279,128

These amounts are expected to be recognised as revenue within the next 12 months.

25.2 Contract liabilities

As at 31 March	2026 Rs.	2025 Rs.
Contract liabilities balance at the beginning of the year	5,279,128	16,114,846
Revenue recognised in the reporting period that was included in the contract liability balance	(371,899,992)	(648,543,800)
Advances received from customers during the reporting period	390,158,979	640,107,438
Refunds made during the year	(19,583,179)	(2,399,356)
Contract liabilities balance at the end of the year	3,954,936	5,279,128

26 COMMITMENTS

The company does not have significant capital or other commitments as at the reporting date.

27 CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 March 2026, which would require adjustment to, or disclosure in the financial statements.

28 EVENTS OCCURRING AFTER THE REPORTING DATE

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

29 RELATED PARTY DISCLOSURES

29.1 Terms and conditions of transactions with related parties

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

Outstanding balances at the year-end are unsecured and interest is charged at AWPLR (Monthly) from April 2025 to March 2026. There have been no guarantees provided or received for any related party receivables or payables. The outstanding balance will be settled as and when the company is able to settle based on the cash flow position.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.14.8 (1) and 9.14.8 (2) are on pages 54 to 59 Annual Report of the Board of Directors' on the affairs of the company.

29.2 Transaction with the parent and related entities

Details of significant related party disclosures are as follows:

Year Ended 31 March	Intermediate Parent Company*		Parent Company**		Affiliate Companies***		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Nature of Transaction	**Rs.**	Rs.	**Rs.**	Rs.	**Rs.**	Rs.	**Rs.**	Rs.
Balance as at 1 April	(77,297,539)	(24,465,535)	(422,809,072)	(495,039,966)	8,099,349	5,638,344	(492,007,262)	(513,867,156)
Recurrent transactions								
Fund transfers to / from	129,699,081	30,455,000	(18,920,736)	102,912,195	-	-	110,778,345	133,367,195
Inter Company settlement payments received	27,839	-	(382,900)	-	(2,487,500)	-	(2,842,561)	-
Expenses incurred on behalf of other companies	308,847	942,329	(658,187)	323,783	1,897,917	169,287	1,548,577	1,435,399
Expenses incurred on behalf of the company	2,500	(17,868,374)	(1,663,367)	(540,418)	(1,341,857)	(530,375)	(3,002,724)	(18,939,167)
Collection made by the Company on behalf of others	-	-	162,524	-	-	7,844	162,524	7,844
Collection made by Others on behalf of the company	-	-	(280,880)	2,716,031	-	25,000	(280,880)	2,741,031
Inter-company interest income	(245,978)	-	-	-	-	-	(245,978)	-
Inter-company interest expense	(70,176)	(193,085)	(35,660,589)	(32,680,697)	-	-	(35,730,765)	(32,873,782)
Management fee	(58,294,192)	(66,514,931)	-	-	-	-	(58,294,192)	(66,514,931)
Mortgage fee expenses	-	-	(250,685)	(500,000)	-	-	(250,685)	(500,000)
Payment made for interest, management fees and other settlements	(379,681)	347,056	(1,172,000)	-	531,933	27,614,123	(1,019,748)	27,961,179
Trading nature transactions (Sales)	-	-	(230,000)	-	(135,912,875)	11,753,444	(136,142,875)	11,753,444
Settlements for trading nature Transactions (sales receipts)	-	-	7,000	-	135,278,529	(7,399,990)	135,285,529	(7,399,990)
Purchase of goods/service	(13,200,702)	-	-	-	(1,086,886)	(29,178,328)	(14,287,588)	(29,178,328)
WHT deducted on Interest Expense	-	-	-	-	-		-	-
Non-recurrent transactions								
Transfer of assets	-	-	-	-	-	-	-	-
Total	(19,450,001)	(77,297,539)	(481,858,892)	(422,809,072)	4,978,610	8,099,349	(496,330,283)	(492,007,262)
Included under								
Trade and other receivables (Note 16)	-	-	-		8,145,740	12,068,374	8,145,740	12,068,374
Trade and other payables (Note 24.2)	(19,450,001)	(77,297,539)	(70,671,909)	(43,622,089)	(3,167,130)	(3,969,025)	(93,289,040)	(124,888,653)
Non- current trade and other payables (Note 24.3)	-	-	(411,186,983)	(379,186,983)	-	-	(411,186,983)	(379,186,983)
	(19,450,001)	(77,297,539)	(481,858,892)	(422,809,072)	4,978,610	8,099,349	(496,330,283)	(492,007,262)

*Intermediate parent company - Citrus Leisure PLC

**Parent company - Hikkaduwa Beach Resort PLC

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

29.3 Key Management Personnel (KMP)

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

KMP of the Company

The members of the Boards of Directors of the Company and its parent company are designated as Key Management Personnel of the Company.

29.3.1 Other Transactions with Key Management Personnel

Loans to Directors

No loans have been granted to the Directors of the Company.

Key Management Personnel Compensation

Directors' emoluments (Key Management Personnel compensation) amounted to Rs. 1,400,000 for the year ended 31 March 2026 (2025: Rs. 988,899).

Other Transaction with Key Management Personnel

There are no other transactions between the company and Key Management Personnel for the year ended 31 March 2026 (2025 - Nil)

Details of Directors and their shareholdings are given in the Annual Report of the Directors' on the Affairs of the company on page 55.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Overview

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

- Market risk
- Liquidity risk
- Credit risk

This note presents information regarding the Company's exposure to these risks and the objectives, policies and processes adopted for measuring and managing such risks.

30.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee assists the Board in overseeing the principal risks affecting the Company and is supported by Internal Audit.

Internal Audit undertakes periodic reviews of risk management controls and procedures and reports its findings to the Audit Committee. The Group Finance function implements the financial risk management policies approved by management and, in coordination with the Company's operating units, identifies, evaluates and manages financial risks, including foreign exchange risk and interest rate risk.

The Board reviews and approves the policies for managing these risks, which are summarised below.

30.3 Market risk

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

The sensitivity analyses in the following sections relate to the financial position as at 31 March 2026 and 31 March 2025.

30.3.1 Interest rate risk

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

Interest rate sensitivity

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

Year Ended 31 March		Change in Profit before tax	
		2026	2025
		Rs.	Rs.
Change in basis point	+50 (0.5%)	(7,403,246)	(9,663,733)
Change in basis point	-50 (-0.5%)	7,403,246	9,663,733
Change in basis point	+500 (5%)	(74,032,464)	(96,637,329)
Change in basis point	-500 (-5%)	74,032,464	96,637,329
Change in basis point	+1000 (10%)	(148,064,927)	(193,274,657)
Change in basis point	-1000 (-10%)	148,064,927	193,274,657

30.3.2 Foreign exchange risk

The Company operates in the hospitality industry and is exposed to foreign exchange risk arising from foreign-currency-denominated transactions and monetary balances, primarily in United States Dollars.

The following table demonstrates the sensitivity of the Company's profit before tax to reasonably possible changes in foreign exchange rates, with all other variables held constant.

Year Ended 31 March		Change in Profit before tax	
		2026	2025
		Rs.	Rs.
Change in exchange rate	+5%	1,064	2,092,463
Change in exchange rate	-5%	(1,064)	(2,092,463)

Foreign currency exchange rates

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

Year Ended 31 March	31.03.2026 Rs.	31.03.2025 Rs.
United States Dollar	315.19	296.35
Euro	361.74	319.86

30.4 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities as they fall due. The Company's approach to managing liquidity is to maintain sufficient liquidity to meet its obligations under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

The Company prepares and monitors rolling cash flow forecasts and assesses the liquidity requirements of its operations to ensure that sufficient funds and banking facilities are available to meet operational and financing obligations. Actual cash flows are regularly monitored against forecasts and budgeted requirements.

Maturity analysis

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2026 based on contractual undiscounted payments.

As at 31 March 2026	On Demand Rs.	Within 1 Year Rs.	Between 2-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Interest-bearing loans and borrowings (Note 22)	48,871,377	68,000,000	1,134,700,000	552,020,000	1,803,591,377
Trade and other payables (Note 24)	-	496,395,761	-	-	496,395,761
	48,871,377	564,395,761	1,545,886,983	552,020,000	2,299,987,138

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

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

30.5 Credit risk

Credit risk is the risk that a counterparty will fail to meet its obligations under a financial instrument or customer contract, resulting in a financial loss to the Company. The Company is exposed to credit risk principally from trade and other receivables and balances maintained with banks and financial institutions.

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

Year Ended 31 March	2026	2025
	Rs.	Rs.
Trade and other receivables	67,316,992	171,329,170
Investments in bank deposits	-	31,365,397
Cash at Bank	17,189,367	4,272,415
	84,506,359	206,966,982

Trade and other receivables

The maximum exposure to credit risk arising from trade and other receivables as at 31 March 2026 and 2025 is represented by their carrying amounts as disclosed in Note 16.

31 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, provide returns to shareholders and benefits to other stakeholders, and maintain an appropriate capital structure to support its operations and strategic objectives.

For capital management purposes, the Company considers capital to comprise total equity and interest-bearing loans and borrowings.

The Company monitors its capital structure using the debt-to-equity ratio and the gearing ratio. The debt-to-equity ratio is calculated as total interest-bearing loans and borrowings divided by total equity. The gearing ratio is calculated as total interest-bearing loans and borrowings divided by total capital, where total capital comprises total equity and total interest-bearing loans and borrowings.

The Company is not subject to any externally imposed capital requirements.

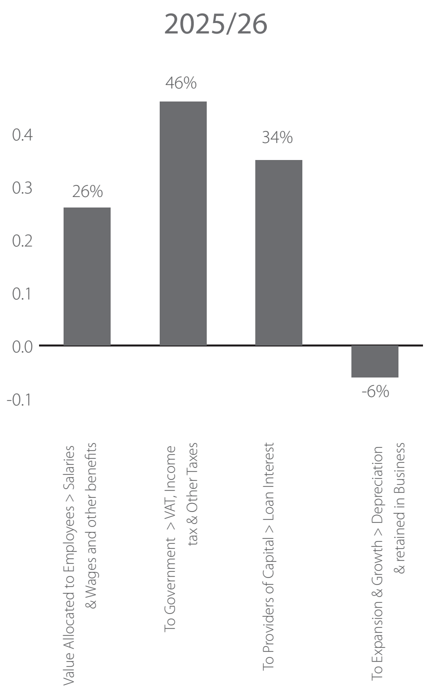
The Company manages its capital structure and makes adjustments in light of changes in economic conditions, funding requirements and its future development and investment plans.

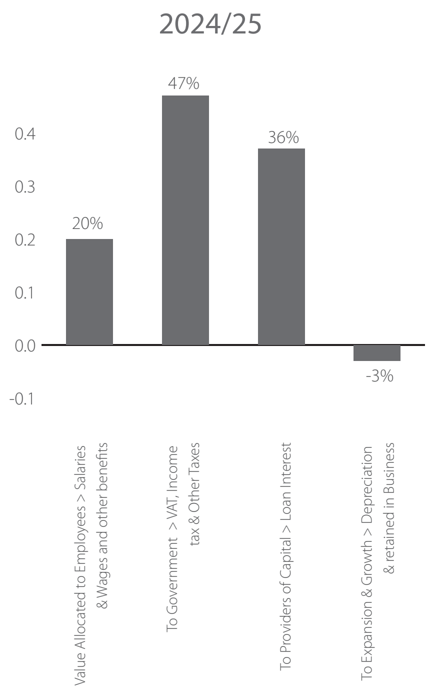
Year Ended 31 March	2026	2025
	Rs.	Rs.
Interest-bearing loans and borrowings	1,803,591,377	1,824,795,581
Total equity	2,183,993,897	2,216,864,451
Debt-to-equity ratio	82.58%	82.31%
Gearing ratio	45.23%	45.15%

SUPPLEMENTARY INFORMATION

Statement of Value Added

	2025/26 Rs.	%	2024/25 Rs.	%
Turnover	1,231,000,196		1,220,147,112	
Taxes - VAT and others	273,227,249		309,882,969	
Gross Turnover	1,504,227,445		1,530,030,081	
Other Income	5,512,037		5,144,894	
Total Value Added	1,509,739,482		1,535,174,975	
Less: Cost of materials and services purchased	(912,763,938)		(872,053,003)	
Net Value Added	596,975,544		663,121,972	
Value Allocated to Employees > Salaries & Wages and other benefits	153,320,073	26%	130,099,269	20%
To Government > VAT, Income tax & Other Taxes	273,227,249	46%	309,882,969	47%
To Providers of Capital > Loan Interest	206,142,317	34%	244,085,413	36%
To Expansion & Growth > Depreciation & retained in Business	(35,714,095)	(6%)	(20,945,679)	(3%)
Total	596,975,544	100%	663,121,972	100%





Ten year Financial Summary & Key Indicators

		2025/2026	2024/2025	2023/2024
Trading Result				
Revenue	Rs.'000s	**1,231,000**	1,220,147	1,091,134
Profit/(Loss) Before tax	Rs.'000s	**(178,947)**	(169,701)	(407,249)
Taxation (Expense)/Reversal	Rs.'000s	**696**	522	(895)
Profit/(Loss) After tax	Rs.'000s	**(178,251)**	(169,180)	(408,144)
Funds employed				
Stated Capital	Rs.'000s	**3,579,991**	3,579,991	2,901,703
Capital Reserves	Rs.'000s	**2,255,897**	2,110,253	2,032,237
Revenue Reserves	Rs.'000s	**(3,651,894)**	(3,473,380)	(3,304,690)
Borrowings	Rs.'000s	**1,803,591**	1,824,796	2,490,894
Asset Employed				
Non-current assets	Rs.'000s	**5,613,848**	5,500,436	5,525,435
Current assets	Rs.'000s	**262,922**	290,504	304,399
Cashflow				
Net cash inflow/(outflow) from operating activities	Rs.'000s	**87,485**	(29,306)	(296,113)
Net cash inflow/(outflow) from investing activities	Rs.'000s	**(47,784)**	(10,231)	(18,722)
Net cash inflow/(outflow) from financing activities	Rs.'000s	**32,949**	56,597	329,894
Increase/(decrease) in cash and cash equivalents	Rs.'000s	**72,649**	17,059	15,059
Key Indicators				
Earnings/(Loss) per share - Basic	Rs.	**(0.19)**	(0.19)	(0.73)
Net assets value per share	Rs.	**2.33**	2.37	2.91
Market price per share	Rs.	**1.8**	2.00	2.30
Interest cover	Times	**0.13**	0.3	(0.15)
Dividend Per Share	Rs.	**-**	-	-
Dividend Payout Ratio	%	**-**	-	-

2022/2023	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
749,296	350,847	238,607	623,281	795,681	693,580	685,759
(709,275)	(339,959)	(333,965)	(252,038)	(213,511)	(254,248)	(227,401)
1,108	(573)	(1,261)	(457)	198	(982)	(669)
(708,167)	(340,532)	(335,226)	(252,495)	(213,314)	(255,230)	(228,070)
2,901,703	2,901,703	2,901,703	2,901,703	2,042,238	2,042,238	2,042,238
1,895,652	1,832,461	1,068,532	743,788	743,788	743,788	100,924
(2,895,714)	(2,188,326)	(1,846,835)	(1,511,283)	(1,257,769)	(1,044,618)	(789,203)
2,192,786	1,982,691	1,821,563	1,721,217	1,548,920	1,708,983	1,706,039
4,983,705	5,024,327	4,312,197	4,092,383	4,179,697	4,367,436	3,730,996
153,084	98,495	74,092	121,633	161,445	151,189	146,235
(27,415)	(14,737)	(35,643)	104,031	(117,176)	(83,013)	31,900
(34,963)	(21,101)	(731)	(75,639)	(24,621)	(50,007)	(15,122)
36,968	81,103	37,135	(28,805)	241,695	46,560	(48,070)
(25,409)	45,265	762	(413)	99,898	(86,460)	(31,291)
(1.26)	(0.61)	(0.60)	(0.50)	(1.06)	(1.27)	(1.13)
3.40	4.55	3.79	3.81	7.58	8.63	8.10
2.80	2.00	3.10	3.50	2.30	3.20	3.00
0.39	(1.15)	(1.04)	(0.27)	0.29	0.09	0.16
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Shareholder Information

ORDINARY SHAREHOLDERS

There were 5,378 registered shareholders as at 31 March 2026, distributed as follows.

Shareholders categorised summary report - as at 31 March 2026

	Resident			Non-Resident			Total		
Shareholdings	**No of Holders**	**No of Shares**	**%**	**No of Holders**	**No of Shares**	**%**	**No of Holders**	**No of Shares**	**%**
1 - 1,000	2,130	640,794	0.07	8	3,504	0.50	2,138	644,298	0.07
1,001 - 10,000	1,426	6,550,702	0.70	3	17,243	2.47	1,429	6,567,945	0.70
10,001 - 100,000	1,187	45,473,873	4.86	3	216,730	31.07	1,190	45,690,603	4.88
100,001 - 1,000,000	526	161,605,504	17.27	2	460,002	65.95	528	162,065,506	17.30
Over 1,000,000	93	721,715,636	77.10	-	-	-	93	721,715,636	77.05
Total	5,362	935,986,509	100.00	16	697,479	100.00	5,378	936,683,988	100.00

Categories of shareholders

	Resident			Non-Resident			Total		
Shareholdings	**No of Holders**	**No of Shares**	**%**	**No of Holders**	**No of Shares**	**%**	**No of Holders**	**No of Shares**	**%**
Individual	5,158	324,248,278	34.64	16	697,479	100.00	5,174	324,945,757	34.69
Institutional	204	611,738,231	65.36	-	-	-	204	611,738,231	65.31
Total	5,362	935,986,509	100.00	16	697,479	100.00	5,378	936,683,988	100.00

The percentage of issued shares held by the public as at 31 March 2026 was 48.94% (As at 31 March 2025 it was 44.03%) and the number of shareholders were 5,375 (As at 31 March 2025 was 4,818).

The Float Adjusted Market Capitalisation of the Company as at 31 March 2026 is Rs. 815,121,301/- and the Company falls under Option 2 of Rule 7.13.1 (i) (b) of the Listing Rules of the CSE.

Share Prices for the year

Market price per share	**As at 31.03.2026 Rs.**	**As at 31.03.2025 Rs.**
Highest during the year	2.4	2.9
(date)	03.06.2025	05.02.2025
Lowest during the year	1.7	1.8
(date)	31.03.2026	03.09.2024
As at end of the year	1.8	2.00

Twenty largest shareholders

Serial No.	Shareholder	31.03.2026 Number of Shares	31.03.2026 %	31.03.2025 Number of Shares	31.03.2025 %
1	National Development Bank PLC/Hikkaduwa Beach Resort PLC	328,054,300	35.02	328,054,300	35.02
	Hikkaduwa Beach Resort PLC	150,158,773	16.03	196,158,773	20.94
2	People S Leasing And Finance PLC/U.L.B.Ariyaratna	10,000,000	1.07	-	-
3	Merchant Bank Of Sri Lanka & Finance PLC 01	8,500,000	0.91	3,750,000	0.40
4	Mr. B.Y. Edirisuriya & Mrs. R.D.Edirisuriya,Mr. P.M.Weerasuriya	8,342,461	0.89	-	-
5	Global Stanford Campus (Pvt) Ltd	8,136,733	0.87	-	-
6	People S Leasing And Finance PLC/L.P.Hapangama	8,000,000	0.85	3,000,000	0.32
7	Mr. M.T. Rajab Khan	7,192,131	0.77	5,992,131	0.64
8	People'S Leasing & Finance PLC/L.H.L.M.P.Haradasa	7,003,500	0.75	-	-
9	People'S Leasing & Finance PLC/L.H.L.Noris De Silva & Son (Pvt) Ltd	6,250,000	0.67	1,500,000	0.16
10	Mr. K.R. Pasqual	6,140,864	0.66	587,587	0.06
11	Mr. K.K.D. Senanayake	5,936,995	0.63	1,514,995	0.16
12	Mr. J.A.D.K.R. Jayasuriya	5,027,600	0.54	4,027,600	0.43
13	Mr. K. Suriarachchi	5,000,000	0.53	1,750,000	0.19
14	Mr. S.A. Thalangama	5,000,000	0.53	4,700,000	0.50
15	Mr. R.E. Rambukwelle	4,899,500	0.52	4,600,045	0.49
16	Mr. W.A.S.P. De Saram	4,590,899	0.49	3,832,653	0.41
17	C F T International (Pvt) Ltd	4,292,628	0.46	-	-
18	Emarketingeye (Pvt) Ltd	4,029,439	0.43	2,279,439	0.24
19	Merchant Bank Of Sri Lanka & Finance PLC/K.K.Wickramasinghe	4,000,000	0.43	-	-
20	Hatton National Bank PLC/Ravindra Erle Rambukwelle	3,725,000	0.40	3,300,000	0.35
	Sub Total	594,280,823	63.45	565,047,523	60.32
	Others	342,403,165	36.55	371,636,465	39.68
	Total	936,683,988	100.00	936,683,988	100.00

Directors' and CEO's Shareholding as at 31 March 2026

	Director Name	31.03.2026 Number of Shares	31.03.2026 %	31.03.2025 Number of Shares	31.03.2025 %
1	Ms. Varuni Sonali Fernando Amunugama	-	-	-	-
2	Mr. Priya Chandana Bandara Talwatte	-	-	-	-
3	Mr. Sharvajana Anandaraj Ameresekere	-	-	-	-
4	Mr. Rajinda Seneviratne	-	-	-	-
5	Mr. Janesh Manoj Bandara Pilimatalawwe	-	-	-	-
6	Mr. Sembukuttige Mani Ammal De Silva Sugathapala	70,192	0.007	70,192	0.007
7	Mr. Punsisi Lalith Patuwatha Withana	-	-	-	-
8	Mr. Priyanka Niran Mahawatte	-	-	-	-
9	Mr. Samantha Pradeep Samarawickrama Ranatunga	-	-	-	-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting of Waskaduwa Beach Resort PLC will be held on 24 September 2026 at 10.00 a.m. at the Sri Lanka Foundation, Lecture Hall No. 03, No. 100, Padanam Mawatha, Independence Square, Colombo 07 for the following purposes:

1. Ordinary Business

1.1 To receive the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31 March 2026 and the Report of the Auditors thereon.

1.2 To re-elect Mrs. Varuni Sonali Fernando Amunugama as a Director who retires by rotation in terms of Articles 88 and 89 of the Articles of Association of the Company.

1.3 To re-elect Mr. Janesh Manoj Bandara Pilimatalawwe as a Director who retires by rotation in terms of Articles 88 and 89 of the Articles of Association of the Company.

1.4 To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants, as the Company's Auditors and to authorise the Directors to determine their remuneration.

1.5 To authorise the Directors to determine donations for the year ending 31 March 2027 and up to the date of the next Annual General Meeting.

2. Special Business

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

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

(1) by the inclusion of following as the Article 121(iv) under the existing heading, 'Alternate Directors' at the end of Article 121 ;

(iv) "The appointment of an Alternate Director shall be subject to the approval of the Board."'

By order of the Board
Waskaduwa Beach Resort PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

28 August 2026

Notes

1. A Shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/hers.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose

Form of Proxy

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

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

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Fifteenth (15th) Annual General Meeting of the Company to be held on 24 September 2026 at 10.00 a.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

1. Ordinary Business

		For	Against
(1)	To re-elect Mrs. Varuni Sonali Fernando Amunugama as a Director who retires by rotation in terms of Articles 88 and 89 of the Articles of Association of the Company.		
(2)	To re-elect Mr. Janesh Manoj Bandara Pilimatalawwe as a Director who retires by rotation in terms of Articles 88 and 89 of the Articles of Association of the Company.		
(3)	To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants, as the Company's Auditors and to authorise the Directors to determine their remuneration.		
(4)	To authorise the Directors to determine donations for the year ending 31 March 2027 and up to the date of the next Annual General Meeting.		

2 Special Business

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

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

....
Signature of Shareholder/s

*Please delete what is inapplicable.

Notes: 1. A proxy need not be a shareholder of the Company

2. Instructions as to completion appear overleaf.

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be deposited at the Registered Office of the Company, No.56/1, Kynsey Road, Colombo 08 by 10.00 p.m. on 22 September 2026.

3. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

4. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.

5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

6. In the case of joint holders the Form of Proxy must be signed by the first holder.

Corporate Information

NAME OF COMPANY
Waskaduwa Beach Resort PLC

LEGAL FORM
Public Quoted Company with limited liability Incorporated in Sri Lanka.

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

COMPANY REGISTRATION NO
PB 4242 PQ

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

BOARD OF DIRECTORS
Mr. S. P. S. Ranatunga (Chairman)
Mr. P. C. B. Talwatte
Ms. Varuni S. Fernando
Mr. S. A. Ameresekere
Mr. R.G Seneviratne
Mr. J.M.B Pilimatalawwe
Mr. P.L.P Withana
Mr. S.M.A.D.S. Sugathapala
Mr. P. N. Mahawatte

CHIEF EXECUTIVE OFFICER
Mr. P. C. B. Talwatte

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

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

NOMINATIONS & GOVERNANCE COMMITTEE
Mr. P. N. Mahawatte (Chairman)
Mr. S. P. S. Ranatunga
Mr. J. M. B Pilimatalawwe

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Mr. P.L.P. Withana (Chairman)
Mr. S.P.S. Ranatunga
Mr. S.A. Ameresekere

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

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

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

BANKERS
Sampath Bank PLC
Commercial Bank of Ceylon PLC
Union Bank of Colombo PLC
Seylan Bank PLC
Pan Asia Banking Corporation PLC

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

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www.citrusleisure.com

Waskaduwa Beach Resort PLC
No. 56/1, Kynsey Road, Colombo 08.
Telephone : 0117 755 388
E-mail : direct@citrusleisure.com