BANSEI ROYAL RESORTS HIKKADUWA PLC



CORAL ROCK BY BANSEI
ANNUAL REPORT 2025/2026

www.bansei-resorts.lk

PERFORMANCE HIGHLIGHTS

FOR THE YEAR	2025/26	2024/25	2023/24	2022/23	2021/22
Turnover	136,033,167	139,550,469	115,915,482	98,572,861	51,901,508
Profit/(Loss) Before Tax	22,555,835	30,473,090	32,310,694	26,089,816	1,275,425
Profit/(Loss) After Tax	15,557,696	21,445,390	22,082,541	16,472,022	821,537
AT THE YEAR END					
Shareholders' Funds	298,599,887	299,315,286	294,482,806	283,745,630	267,103,713
Total Assets	359,165,212	352,254,716	334,473,867	311,314,964	280,753,840
Company Employment (No of Persons)	31	32	38	38	38
PER SHARE					
Earnings (Rs)	0.29	0.40	0.41	0.31	0.02
Dividend (Rs)	0.20	0.30	0.30	0.20	-
Net Assets (Rs)	5.56	5.57	5.48	5.28	4.97
Market Value (Closing Price) (Rs)	21.00	17.30	12.90	11.30	10.60
Highest Price (Rs)	26.00	20.00	13.70	12.90	14.00
Lowest Price (Rs)	16.60	11.00	8.50	7.00	7.00
RATIO					
Gross Profit (%)	81%	79%	79%	78%	79%
Current Ratio (Times)	6.48	7.98	9.14	8.36	8.76
Dividend payout (%)	68%	75%	73%	65%	-
PUBLIC HOLDING					
Percentage of Public Holding As st 31st March	10%	10%	10%	10%	10%

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MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to present to you the highlights of the Annual Report and Financial Statements of Bansei Royal Resorts Hikkaduwa PLC for the year ended 31 March 2026.
Coral Rock by Bansei, in Hikkaduwa, Sri Lanka is a popular destination down-south, for both local, and international guests. We have 14 Deluxe, and 2 Supper Deluxe rooms overlooking the Hikkaduwa beach. We have 14 Standard rooms with delightful views of the city. Our full-length swimming pool; complete with a pool side bar, is just steps away from the beautiful beach, extending out towards the ocean. Our restaurant serves the best of regional culinary delights. At Coral Rock by Bansei, we offer a unique hospitality experience, giving you the opportunity to experience the contemporary best of a star classed hotel, in Hikkaduwa, Sri Lanka.

The Company recorded revenue of Rs. 136 million for the year under review and Profit Before Tax (PBT) of LKR 22.5 million. The Company reported an Earnings Per Share (EPS) of LKR. 0.29, based on a Profit After Tax of LKR. 15.5 million, while Net Asset Value (NAV) per share at LKR. 5.56 in FY 2025/26.

The hotel's performance in 2025/26 was characterised by stable revenue generation, underpinned by short-stay bookings and a strategic emphasis on experience-driven travel.

THE GLOBAL ECONOMY

The IMF projected global headline inflation to ease from an estimated 4.1% in 2025 to 3.8% in 2026 and 3.4% in 2027, with inflation in the United States expected to return to target more gradually than in other major economies.

The ongoing Middle East crisis heightened uncertainty around fuel prices, transport costs, travel connectivity and investor sentiment.

By March 2026, the escalation of the Middle East crisis added a further layer of risk through disruptions to aviation corridors, shipping routes, energy markets and business confidence, rein forcing existing external volatility.

GLOBAL TOURISM

The conflict in the Middle East has introduced uncertainty, with its impact on aviation networks and travel sentiment creating headwinds for long-haul tourism markets.

Global tourism continued to move from recovery to ex pansion, providing a supportive backdrop for destination markets and hotel operators.

UN Tourism estimated international tourist arrivals at approximately 1.523 billion in 2025, representing growth of 4% over 2024. By March 2026 the escalating Middle East crisis had disrupted major air corridors linking Asia, Europe and the Gulf, increased travel costs and weakened traveller confidence in some markets, creating a more fragile backdrop for global tourism

SRI LANKA ECONOMY

Gross official reserves strengthened further to USD 6.9 billion as at end-March 2026, providing a significantly improved external buffer.

Despite the adverse economic impacts of Cyclone Ditwah in late November 2025. The year was characterised by continued macroeconomic stabilisation.

CBSL expects inflation to return to its 5% target by the second quarter of 2026, and monetary conditions are expected to remain broadly supportive of growth.

SRI LANKAN TOURISM

Sri Lanka received strong international recognition in CY2025, with the country ranked 9th among the best places to travel by BBC Travel, featured in TIME Magazine's 'World's Greatest Places 2025'.

Tourist arrivals continued its momentum in the first two months of 2026, although arrivals moderated materially from March 2026 onwards with the onset of the Middle East conflict.

Sri Lanka's diverse natural, cultural, and wellness offerings, combined with its strategic geographic location and destination affordability, continue to position it as an increasingly competitive and experiential tourism destination within South Asia.

CONCLUSION

We have learnt over the past several years that challenges can come without warning, whether from within our country or beyond our shores. But we have strength overcome even the most difficult situations.

We also wish to convey our appreciation to our management team, to all our stakeholders including our tour partners and staff for their continued trust & Confidence.

BOARD OF DIRECTORS



Mr. A.Y.M.Warnakulasooriya

Chairman
Independent/Non-Executive Director

Mr. Warnakulasooriya holds a degree in Management Information Systems with a minor in Computer Science from the University of Alabama, USA. He is also a Graduate of the Sri Lanka Institute of Directors.

He began his career in IT, in the United States, where he gained valuable experience before returning to Sri Lanka after seven years to assume the role of Managing Director at Midaya Ceramic Company Pvt. Ltd.

Over the past 21 years, Mr. Warnakulasooriya has played a pivotal role in redefining Midaya's business strategy, shifting the focus from mass production of medium-value ceramics to the creation of high-value, handmade ceramics targeting niche export markets. His visionary leadership has been instrumental in the company's transformation and success.

In addition to his role at Midaya, Mr. Warnakulasooriya is the Managing Director of MYS Lanka Pvt. Ltd., a company he founded 13 years ago, specializing in the printing and export of ceramic transfers. He also serves as a Director at Midaya Packaging Industries Pvt. Ltd., a manufacturer of corrugated cardboard and gift boxes. He also serves as the President of the National Chamber of Commerce in Sri Lanka. He is the immediate Past President of the Sri Lanka Ceramics and Glass Council and the past chairman of the Advisory Committee for the Ceramics, Porcelain, Tile & Granite Industry Sector under the Ministry of Industries.

An active Rotarian, Mr. Warnakulasooriya is a past president of the Rotary Club of Colombo Regency, where he continues to contribute to the community.



Mr. T. Murakami

Deputy Chairman
Non-Executive Director

Mr. Toyohiko Murakami is the Chief Executive of Bansei Group Japan. Mr. Murakami has over 38 years of experience in managing various business fields consisting of Securities, Finance, Insurance, and Real Estate. Mr. Murakami has a degree in Bachelor of Law from Kyoto University, Japan. Mr. Murakami joined Bansei Securities Co. Ltd. in November 2005.

He was appointed to Executive Vice President in February 2006 and to President and C.E.O of the Company in June 2009. He is also the CEO of Bansei Holdings Co., Bansei Hoken (Insurance) Community Co. Ltd, Bansei Ayuryveda Co. Ltd, Bansei Research Institute Co. Ltd, Bansei Sho Co. Ltd., Ceylontime Co. Ltd in Bansei Group Japan.Formerly Mr. Murakami was Advisor with Zenkoku Hosho Co., Ltd from November 2005 to February 2006 and Director of H. S. Securities Co., Ltd from June 2002 to August 2005.In Sri Lanka, Mr. Murakami serves as a Director of Bansei Holding LK (Pvt) Ltd, Bansei Securities Capital (Pvt) Ltd, Bentota Club Villa (Pvt) Ltd.

Mr. Murakami was appointed to the Board on 30th June 2013.



Mr. H. Ota
Director/Chief Executive Officer

Mr. Ota is the Managing Director of Bansei Securities Co. Ltd., and counts over 38 years of experience in finance business (Commercial Banking, Trust Banking, Lease Finance, Securities Business). Mr. Ota has a Bachelor of Law from Kyoto University, Japan.

He joined Bansei Securities Co. as a Managing Director in November 2014. He has supported Mr. Toyohiko Murakami who is the Chief Executive of Bansei Group to transfer the Company to be strong and profitable. He is a director of Pan Asia Banking Corporation. He is known as the man who has bridged Sri Lanka and Japan in Financial Business.

Formerly he worked for The Long-Term Credit Bank of Japan (April 1982- September 2000) and Sumitomo Trust & Banking Co. Ltd (October 2000 - September 2011) and Ricoh Co. Ltd (October 2011-October 2014).

Mr. Ota was appointed to the Board on 12th March 2015.



Mr. N. Hobo
Non-Independent/Non-Executive Director

Mr. Hobo is a non-executive director of Bansei Holdings with extensive experience in foreign affairs. He currently serves as a Senior Fellow at the GRIPS Alliance, National Graduate Institute for Policy Studies (GRIPS), and has been a professor at GRIPS since 2015.

Before joining GRIPS, Mr. Hobo was Japan's Ambassador to Sri Lanka (2011 – 2015). His previous posts include Senior Vice-President of the Japan International Cooperation Agency (JICA, 2010 – 2011) and Consul-General of Japan in Sydney, Australia (2007 – 2010). He has also held several senior positions within the Ministry of Foreign Affairs of Japan.

In 2015, Mr. Hobo was awarded the Order of the Sacred Treasure, Gold Rays with Neck Ribbon, for his distinguished public service.

He holds a degree in forestry from Hokkaido University, Japan.



Mr. R. S. V. Dharmapala
Independent/ Non-Executive Director

Vipula Dharmapala is the Co-Founder and CEO of InsureMe Sri Lanka, the country's leading insurance aggregator. He also serves as Co-Founder of Digital Services Global (Pvt) Ltd (Digis), a technology company delivering innovative digital solutions to organizations in Sri Lanka and across international markets. In addition, Vipula is a Director at Smiles Global (Pvt) Ltd, an actuarial and financial consulting firm providing specialized advisory services.

In his previous roles, Vipula served as the Chief Financial Officer (CFO) at HNB Assurance PLC and HNB General Insurance Ltd. Before taking on these leadership positions, he gained extensive experience as a Manager in Audit and Assurance at Ernst & Young, working across both Sri Lanka and Singapore.

A Chartered Accountant and member of CA Sri Lanka, Vipula holds a Bachelor's degree in Business Administration (Hons) from the University of Sri Jayewardenepura, Sri Lanka.



Mr. C. L. Godamanna
Independent/Non-Executive Director

With his early education at Royal College, Colombo, Mr. Chamika Godamanna is an accomplished entrepreneur, CIMA (Chartered Institute of Management Accountancy, UK) qualified, holds a MSc in Information Technology from Keele University, UK, and has completed executive education in Data Science and Analytics at the University of California Berkeley Haas School of Business.

Beginning his career with Ninehearts Group, where he continues to serve as Managing Director, he has since founded and led multiple successful companies, covering the areas of digital printing, document imaging, software development, retail, and mobile device value chain solutions.

Beyond his professional pursuits, Chamika has been actively involved in voluntary roles, serving as the Asia Pacific Chairman and International Secretary for Round Table International, as Executive Committee Member of the Sri Lanka Association of Printers and currently serves as the Honorary Treasurer of The National Chamber of Commerce of Sri Lanka.



Dr. R. D. R. Perera
Independent/Non-Executive Director

Dr. Dhanushka Perera is a quantitative policy researcher and senior public sector professional with over a decade of experience in economic policy, public finance, and international development. He holds a Ph.D. in Advanced Policy Studies from the National Graduate Institute for Policy Studies (GRIPS) in Tokyo, Japan, where he developed expertise in data-driven policy analysis and institutional reform. Currently, serving as the Director in charge of Air Cargo at Sri Lanka Customs, he leads strategic initiatives to streamline operations, improve compliance, and enhance revenue generation. His previous roles include managing agricultural budgeting at the Department of National Budget and serving as the Treasury Representative on the Board of Directors of Mathurata Plantation Company.

Moreover, Dr. Dhanushka is proficient in Power BI, STATA, and ArcGIS, reflecting his strong analytical orientation. He has served as a Researcher at GRIPS and volunteered as a teacher in Kudanshita, Japan. His earlier experience includes coordinating Japan-funded ODA programs and performing key administrative functions at the Department of External Resources. He also has teaching experience in social science research methods and foundational exposure to banking. His career reflects a unique blend of academic rigour and operational leadership, supporting effective transformation in the public sector.

RISK MANAGEMENT

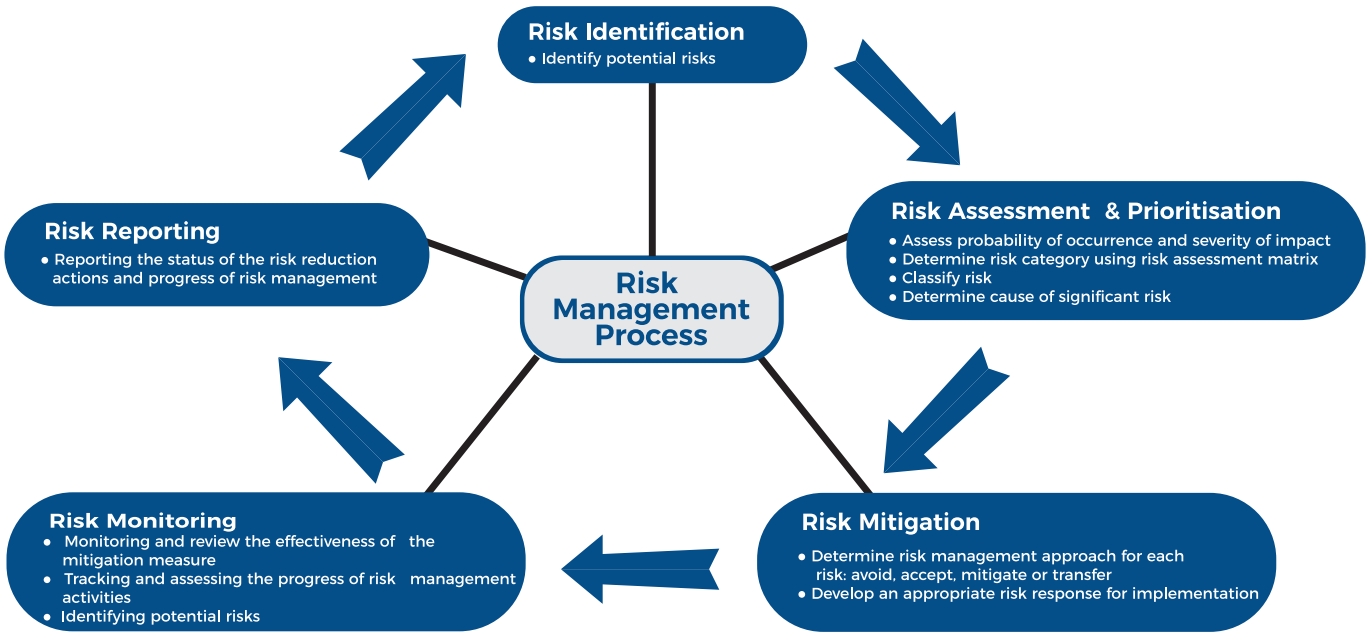
The Company's risk management strategy is integrated with its sustainability management framework, enabling a holistic approach towards the identification, management and mitigation of risk. Risk Management therefore extends beyond managing the operational and financial risks faced by the Company, to incorporate broader environmental, community, employee, value chain and other non-financial risks related to the triple bottom-line approach of the Company, providing a foundation for productive engagements with internal and external stakeholders.

The Board of Directors bear responsibility for managing risk and have put in place a framework for managing risk. The Audit Committee has oversight responsibility for risk management and report on the same to the Board. The Audit Committee reviews the risk assessments and reports to the Board on matters relating to risk management.

The risk reviews are also a key input into the Company's strategic planning and budgeting processes to ensure alignment with the forecast risk environment and effective management of resources.

RISK MANAGEMENT FRAMEWORK

Our risk management processes are summarised below



PRINCIPAL RISKS IN 2025/26

The principal risks are those which are assessed to significantly and negatively impact our ability to create value in the short, medium and long term. These risks are identified through the Risk Prioiritisation and Assessment step of the risk management process, taking in to account the severity of impact and likelihood of occurrence of identified risks. The significant risk areas impacting the company's strategic business objectives and the measures taken to address these risks are discussed below.

Risk	Mitigating Actions	Risk Assessment
Political, Economic and Environmental • Reduced revenue, increased operating costs resulting in reduced profitability and cash flows • Occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflicts, epidemics, natural disasters, increased cost of travel and industrial action. Reduced demand will impact on revenues and operational profitability	• Management regularly reviews political and economic developments and seeks to identify emerging risks at the earliest opportunity. • Transferring risks to third parties through insurance policies. The adequacy ofinsurance covers is regularly reviewed andadjusted when necessary	Impact - High Likelihood- High Risk Rating – High
Geo-political developments Recent geopolitical events, such as the conflict involving Russia and Ukraine and the middle east war, coupled with sluggish economic growth in key feeder markets.	• Continued efforts into enhancing revenue in all sales channels Robust and carefully thought-out contingency plans • Expanding geographical coverage	Impact - High Likelihood- Medium Risk Rating – High
Pandemic Risk ▪Reduced travel and demand for hotel rooms thereby reduced revenue, cash flow and profitability. ▪ Negative publicity and implications on Customer footfall.	• Daily health checks for guests and staff, Conducting tests for staff, staff trainings on symptom detections, collection of guest and staff recent health condition and declarations relating to infections. • Take steps to curtail fixed costs whilst continuously enacting stringent protocols to minimize other direct costs.	Impact - High Likelihood- Possible to Occur Risk Rating – High
Cyber security •Loss of revenue. • Reduce profitability • Loss of data • Adverse impact on reputation	• Conduct of cyber security assessment. • Dual authentication to be used for remote work. • Establish network access controls. • Implementation of SD WAN and antivirus software. • Continuously monitor network traffic.	Impact - High Likelihood- Possible to Occur Risk Rating - High
Inflation Risk ▪ Reduced profitability. ▪ Reduced return on investment.	• Preparation of forecasts in line with projected occupancy and cost. • Initiated cost control activities. • Review of pricing and make necessary adjustments	Impact - High Likelihood- Possible to Occur Risk Rating - High

Interest Rate Risk • Reduced profitability • Reduced cash flows	• Negotiate favourable terms and conditions with banks for loan facilities obtained	Impact - High Likelihood- Possible to Occur Risk Rating - High
Environmental Risk • Climate Change and Extreme Weather Events.	• Disruption in operations due to extreme weather conditions • Damage to infrastructure from floods, storms or rising sea levels • Increased operational costs due to water scarcity or energy demands	Impact - High Likelihood – likely to occur Risk Rating - High
Supply chain issues/Supply chain shortages • Inability of our suppliers to fulfil delivery requirements in terms of quality and price can lead to negative impacts on service quality and margin pressure. Short supply of raw material could result in disruption to operations	• Review supplier standards, maintenance of agreements, supplier forums and continuous monitoring • Identification of alternative suppliers • Modifying the menus and ordering process accordingly, robust supplier engagement	Impact - Medium Likelihood – Unlikely to occur Risk Rating - Low
Technology •Inaccurate information •Reputation and performance of the company will be adversely affected •Worsening efficiency, loss of competitive advantage	• Regular review of systems and upgrades where appropriate • Introduction of new technology where possible and appropriate	Impact - Medium Likelihood- Possible to Occur Risk Rating - Medium
Liquidity • Reduced cash flows • Reduced profitability	• Preparation of regular cash flow forecasts in line with projected occupancy fluctuations in order to assess the liquidity position of the company in the short term. • Monitor and review bank balances regularly Preparation and review of actual performance against the budget monthly • Reschedule the capital repayments in order to suit the forecasted Cash flows.	Impact - High Likelihood- Possible to Occur Risk Rating - High
Employee Inability to achieve planned business objectives Reduced quality of standards resulting in reduced guest satisfaction.	• Development and maintenance of a Company culture, compensation and benefits arrangements, training and development are key activities carried out. • Realigning of service standards.	Impact - High Likelihood- Possible to Occur Risk Rating - High
Statutory and Legal Risk • Legal fees and penalties resulting in reduced profitability. ▪ Adverse impact on reputation. ▪ Loss arising from defective contracts.	• Company continues to monitor changes in the regulatory environment in which it operates • Statutory declaration is made to Board each quarter	Impact - High Likelihood - Low Risk Rating - Low
Equipment/Machinery breakdown • Breakdown can cause disruption to operations, adversely impacting our services and guest experiences resulting in loss of reputation and increased costs	• Regular preventative maintenance programmes are carried out • Regular inspections, supervision and monthly maintenance • Maintenance is done on a needs basis upon identification of issues from detective measures or breakdown incidents	Impact - High Likelihood – likely to occur Risk Rating - High

SLFRS S1 & S2 SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Bansei Royal Resorts Hikkaduwa PLC's sustainability-related financial disclosures, prepared in line with the direction of SLFRS S1 and S2. The disclosure focuses on sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) that are most relevant to the hotel's hospitality operations.

During the year under review, the Bansei Royal Resorts Hikkaduwa PLC focused on establishing the foundational processes, governance structures and data collection mechanisms required to support implementation of the new standards.

The forthcoming financial year (2026/27) will mark the first period in which compliance with SLFRS S1 and SLFRS S2 becomes mandatory.

The hotel operates in a city hospitality environment where guest comfort, continuity of service, climate action, resource efficiency, thriving communities and an empowered workforce are the main focus areas. These ongoing efforts will support full alignment with the evolving requirements of the standards and further enhance the transparency of the disclosures.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Bansei Royal Resorts Hikkaduwa PLC, present their report together with the Audited Financial Statements for the year ended 31st March 2026.

The Report contains pertinent information and disclosures required under the Companies Act No.07 of 2007, the Listing Rules of the Colombo Stock Exchange, recommended Best Practices of Corporate Governance and the requirements of the Sri Lanka Accounting Standards.

REVIEW OF OPERATIONS & PERFORMANCE

The Annual Review provides an overall assessment of the Company's Operations and Performance during the financial year under review on Pages 01.

PRINCIPAL ACTIVITIES

The Company is engaged in the Hotel Industry.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on Pages 36 to 39 in the Annual Report.

INTERESTS REGISTER

An interest Register is maintained, in compliance with the Companies act No.07 of 2007. The particulars of the entries made in connection with the General Disclosure in term of Section 192(2) of the Companies act No.07 of 2007 are given in Note 23 under Related Party Transaction.

The Board of Directors have no direct or indirect interest in any contract or proposed contract involving the Company.

MAJOR SHAREHOLDINGS

The 20 major Shareholders of the Company as at 31st March 2025 and 31st March 2026 are listed on Page 69

DIVIDENDS

The Board of Directors recommends a First & Final Dividend of Rs.0.20 Per share for the Financial Year 2025/2026. The Directors are confident that the Company would satisfy the Solvency Test requirement under Section 56(2) of the Companies Act N.07 of 2007, immediately after the proposed Dividend distribution.

DIRECTORATE

The Members of the Board during the financial year under review were as follows :-

Mr. A Y M Warnakulasooriya	- Independent /Non Executive
Mr. T Murakami	- Non-Executive Director
Mr. H Ota	- Executive
Dr. R D R Perera	- Independent / Non-Executive
Mr. N Hobo	- Non-Independent /Non-Executive
Mr. C L Godamanna	- Independent / Non-Executive
Mr. R S V Dharmapala	- Independent / Non-Executive

The Profile of the Board of Directors of the Company are given in Page 04 to 07.

There were no any changes in the Directorate of the Company during the year under review.

RETIREMENT OF DIRECTORS AND THEIR REELECTION

Dr. R D R Perera, retires by rotation, in accordance with Article 24(6) of the Articles of Association of the Company, and he is eligible for re-election.

DIRECTOR'S REMUNERATION

The remuneration paid to the Executive and Non-Executive Directors during the financial year under review is given in Note 23.2(a) to the Financial Statements. No Director is involved in deciding his own remuneration.

DIRECTORS & CEO's SHAREHOLDING

The Directors and CEO's Shareholdings at the beginning and end of the Financial year under review are set out below.

AS AT	31-03-2026	31-03-2025
Mr. A Y M Warnakulasooriya	-	-
Mr. T Murakami	-	-
Mr. H Ota (CEO)	-	-
Dr. R D R Perera	-	-
Mr. N Hobo	-	-
Mr. C L Godamanna	-	-
Mr. R S V Dharmapala	-	-

BOARD MEETINGS

Two (2) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on Page 24.

RISK MANAGEMENT

The Board of Directors has structured proper systems and controls to identify probable risk. These systems are periodically evaluated and reviewed by the Board to ensure smooth functioning. Remedial measures also have been implemented to mitigate risk.

MATERIAL ISSUES PERTAINING TO EMPLOYEES & INDUSTRIAL RELATIONS

There were no material issues relating to Employees and Industrial Relations during the year ended 31st March 2026.

ENVIRONMENTAL PROTECTION

The Board of Directors has taken adequate precautions to ensure that the Company does not engage in any activities which could be detrimental to the environment and contravenes Laws and regulations.

CORPORATE GOVERNANCE

The Board of Directors while confirming that the Company is in compliant with Section 9 of the Listing Rules of the Colombo Stock Exchange, place a great emphasis on good Corporate Governance practices and principles and ensures that the Company adheres with the codes of Best Practice on Corporate Governance. The compliance of Corporate Governance by the Company is set out on Page 16.

GOING CONCERN

The Board of Directors of the Company are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Therefore, the Company continues to adopt a going concern concept in preparing the accounts of the Company.

INTERNAL CONTROL SYSTEMS

The Board has overall responsibility for the Company's Systems of Internal Control. The Company's internal control and check systems have been designed to provide the Directors with reasonable assurance that the Assets are protected, safeguarded and transactions are authorized thereby ensuring that errors and irregularities are either prevented or detected within a timely period, whilst ensuring that Corporate Governance is properly practiced and adhered to. The Board on a continuous basis reviews and if required takes measures to mitigate any Risk.

PROPERTY, PLANT AND EQUIPMENT

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 06 of the Financial Statement.

TURNOVER

The Gross Income of the Company after deducting Turnover Tax and Defense levy was Rs. 136,033,167.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2026 was Rs.272,280,000/- representing 53,728,000 Ordinary Shares. The structure of the Stated Capital is given in Note 11 of the Financial Statement.

TAXATION

The Tax position of the Company is given in Note 18 to the Financial Statements.

STOCK MARKET INFORMATION

Information relating to earnings, dividends, net assets per share and trading price are given on page 01.

CONTRIBUTIONS TO CHARITIES

Charities and the Donations given by the Company amounted to Rs.38,000/- No charities were paid to Organizations approved by the Government.

SHAREHOLDING & PUBLIC HOLDING

As at 31.03.2026 there were 843 Registered Shareholders. The distribution, categories and location of Shareholders are indicated on Page 70 The Public Holding as at the said date was 10% representing 839 Shareholders.

The Company complies with the Minimum Public Holding Requirement Rule 7.13.1 (b) under Option 2 as at 31st March 2026 as per the details set out below;

Float Adjusted Market Capitalization - Rs.112,828,800/-
Public Holding Percentage -10%
Total Number of Public Shareholders - 839

DECLARATIONS BY INDEPENDENT / NON EXECUTIVE DIRECTORS

Independent Directors have submitted signed declarations confirming their Independent status in compliance with Rules 9.8.5 of the Listing Rules of the Colombo stock Exchange.

The Company has complied with the Corporate Governance Rules of the Colombo Stock Exchange.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, the Directors of the Company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Directors Responsibilities in compliance with the requirements in preparation of Financial Statements are set out in Page 31

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 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

RELATED PARTY TRANSACTIONS/ DISCLOSURES DURING THE YEAR

There were no Non-Recurrent Related Party Transactions, in terms of Rule 9.14.8(1) of the Listing Rules, which aggregate value exceeded 10% of the equity or 5% of the total assets, as per the latest Audited Financial Statements as at 31st March 2026.

There were no Recurrent Related Party Transactions of which aggregate value exceeded 10% of the gross revenue/ income as per latest Audited Financial Statements as at 31st March 2026.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments have been made up to date or provided for same.

EQUITABLE TREATMENT TO SHAREHOLDERS

The Company has at all times ensured that all Shareholders are treated equitably.

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 the following policies, ensuring adherence to best practices in Corporate Governance and regulatory compliance:

The Company has adopted and has in place, in terms of Rule 9.2.1 of the Listing Rules:

(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

The Company has complied with all requirements in the Listing Rules with regard to the above policies including the Policy on the matters relating to the Board of Directors.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on Page 32.

ACCOUNTING POLICIES

There has been no change in the Accounting Policies adopted by the Company in preparation of Financial Statements during the Financial Year under review.

AUDITORS

The accounts for the year under review have been audited by M/s. Ernst & Young, Chartered Accountants, who retire and have expressed their willingness to continue in Office.

The Auditors were paid a sum of Rs. 1,009,792/- as Audit Fees and Rs. 308,742/- as Non Audit Fees by the Company for the financial year under review.

The Audit Committee has recommended that they be re-appointed as Auditors. As far as the Board is aware the Auditors do not have any relationship with the Company other than carrying out the External Audit and providing certain non-audit services.

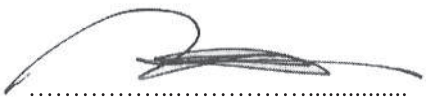
POST - BALANCE SHEET EVENTS

Subsequent to the date of the Balance Sheet no circumstance has arisen which require adjustments to the accounts.

ANNUAL GENERAL MEETING

The Annual General Meeting is scheduled to be held on 07th August 2026 via virtual link at 11 a.m. The Notice of the meeting is given on Page 73.

BY ORDER OF THE BOARD



Mr. H Ota
Director/ CEO



Mr. A Y M Warnakulasooriya
Director



Corporate Arcade Ltd
Company Secretaries

17 July 2026

CORPORATE GOVERNANCE

Bansei Royal Resorts Hikkaduwa PLC (BRRH) continues to be committed to conducting the Company's business ethically and in accordance with high standards of good Corporate Governance.

The Company confirms its compliance with Section 09 of the Listing Rules of the Colombo Stock Exchange, which outlines the Corporate Governance requirements applicable to Listed Entities. The Board has ensured adherence to all relevant provisions through the implementation of robust Governance Policies, Board-approved frameworks, and effective oversight and monitoring mechanisms designed to promote transparency, accountability, and sound Corporate Governance practices.

Set out below is the Corporate Governance practices adopted and practiced by BRRH PLC, against the background of the code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

BOARD OF DIRECTORS

Executive Director

Mr. H Ota

Non-Executive Directors

Mr. T Murakami

Non-Executive, Independent Directors

Mr. A Y M Warnakulasooriya
Dr. R D R Perera
Mr. C L Godamanna
Mr. R S V Dharmapala

Non-Independent Non-Executive, Directors

Mr. N Hobo

RESPONSIBILITIES

The Directors of the Company are responsible for formulation of Company policy and overall business strategy. The implementation of policy and strategy is done in a framework that requires compliance with applicable laws and regulations as well as establishing best practices in dealing with employees, customers, suppliers and the community at large.

The annual capital expenditure budgets, non-budgeted capital expenditure, the annual budgetd operating statements require Board approval.

COMPANY SECRETARIES

Corporate Arcade Limited functions as Secretaries to the Board.

They ensure that appropriate Board processes are adopted, Board procedures and applicable rules and regulations adhered to and a proper record of all proceedings of Board meetings is maintained.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee comprise of Dr. R D Ravilal Perera, Mr. A Y M Warnakulasooriya and Mr. C L Godamanna of whom Dr. R D Ravilal Perera, functions as the Chairman of the Committee.

The Report of the Related Party Transactions Review Committee is given on Page 27.

FINANCIAL REPORTING

The Board of Directors confirm the Financial Statements for the year ended 31st March 2026, of Bansei Royal Resort Hikkaduwa PLC have been prepared in accordance with the Sri Lanka Financial Reporting Standards and the Companies Act No.07 of 2007. The Company has duly complied with all the reporting requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar of Companies. Financial Statements of the Company were audited by M/s. Ernst & Young, Chartered Accountants. The Independent Auditors' Report on the Financial Statements for the year ended 31st March 2026 is presented on Page 32 to 35 of this Annual Report.

SUPPLY OF INFORMATION

The Directors are provided with quarterly reports on performance and such other reports and documents as are necessary.

REMUNERATION COMMITTEE

The Remuneration Committee comprise of Dr. R D Ravilal Perera, Mr. Anura Y M Warnakulasooriya and Mr. C L Godamanna of whom Dr. R D Ravilal Perera functions as the Chairman of the Committee.

The Committee is responsible for evaluating and recommending to the Board the Remuneration Policy and Practices that supports the strategic direction and the objectives of the Company. The remuneration policy of the Company is to attract, motivate and retain high quality executive talent by reference to the corporate goals and objectives resolved by the Board of Directors from time to time.

During the period under review, the Committee continued its responsibility of formulating and recommending to the Board, Remuneration Policy which helped the organization to attract, retain and to motivate its staff taking into consideration Industrial norms.

The Committee is responsible for determining the Compensation of all the Management Staff.

The Board meets regularly to review performance and forecasts against budgets so as to take decisions in the best interest of the Company.

AUDIT COMMITTEE

The Audit Committee comprise of Mr. R S Vipula Dharmapala, Mr. C L Godamanna, Mr. A Y M Warnakulasooriya and Dr. R D Ravilal Perera of whom Mr. R S Vipula Dharmapala, functions as the Chairman of the Committee.

The Report of the Audit Committee is given on Page 25.

The Members of the Audit Committee decided that the CEO of the Company shall participate at the Audit Committee Meeting whenever he is in the Island and in the instances, he is not, to communicate / update the CEO the outcome of the meeting.

NOMINATION & GOVERNANCE COMMITTEE

A Nomination & Governance Committee was established w.e.f. 7th October 2024, in compliance with the CSE Listing Rules. As at the date of this Report, the Committee comprise of Dr. R D Ravilal Perera, Mr. Anura Y M Warnakulasooriya and Mr. C L Godamanna of whom Dr. R D Ravilal Perera functions as the Chairman of the Committee.

BOARD BALANCE

The Board comprises of Seven Directors as follows;

- 04 Directors are Non-Executives / independent
- 01 Non-Executive
- 01 Non-Independent / Non-Executive
- 01 Executive

Profiles of the Members of the Board reflect their caliber, the weight, and their views carry in Board deliberations.

BOARD SEATS HELD IN OTHER LISTED SRI LANKAN COMPANIES

Mr.R S V Dharmapala
InsureMe Insurance Brokers PLC

BOARD SEATS HELD IN OTHER UNLISTED SRI LANKAN COMPANIES

Mr. A Y M Warnakulasooriya (Chairman)
Midaya Ceramic Company (Pvt) Ltd,MYS Lanka (Pvt) Ltd and Midaya Packaging Industries (Pvt) Ltd.

Mr. T Murakami
Bansei Holding LK (Pvt) Ltd, Bansei Securities Capital (Pvt) Ltd and Bentota Club Villa (Pvt) Ltd.

Mr. H Ota
Bansei Holding LK (Pvt) Ltd, Bansei Securities Capital (Pvt) Ltd and Bentota Club Villa (Pvt) Ltd.

Mr. R S V Dharmapala
Digital Services Global (Pvt) Ltd and Smiles Global (Pvt) Ltd.

Mr. C L Godamanna
Ninehearts (Pvt) Ltd,Ninehearts Imaging (Pvt) Ltd,Ninehearts Color Labs (Pvt) Ltd, Stelacom (Pvt) Ltd,Auradot (Pvt) Ltd,Tradeup Solutions (Pvt) Ltd,Sayura Resorts (Pvt) Ltd and The National Chamber of Commerce of Sri Lanka.

Name of Director	Gender	Area of Skills/Expertise/Competencies					
		Corporate Leadership	Travel and tourism	Banking	Finance	Legal	Risk Management
Mr. A Y M Warnakulasooriya (Chairman)	M	✓	-	-	-	-	-
Mr. T Murakami	M	✓	-	-	-	-	-
Mr. H Ota	M	✓	-	-	-	-	-
Mr. N Hobo	M	✓	-	-	-	-	-
Mr. R S V Dharmapala	M	✓	-	-	✓	-	✓
Mr. C L Godamanna	M	✓	-	-	✓	-	✓
Dr. R D R Perera	M	✓	-	✓	✓	-	✓

DIRECTOR COMPLIANCE

The Independent / Non-Executive Directors have submitted their Declarations keeping in line with the Listing Rules of the Colombo Stock Exchange.

In compliance with the Corporate Governance requirements set out in the Listing Rules of the Colombo Stock Exchange, all Directors of the Company have submitted annual declarations attesting to their adherence to the prescribed "Fit and Proper" criteria. The Board is satisfied that each Director demonstrates the requisite integrity, professional competence, relevant industry expertise, experience, and financial soundness necessary to discharge their duties effectively and uphold the best interests of the Company and its stakeholders.

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURE

Rule		Status of Compliance	Reference
(i)	Names of persons who were Directors of the Entity.	Complied	Refer Page 12
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Complied	Refer Page 12
(iii)	The names and the number of shares held by the 20 largest holders of voting shares denominated in LKR or any other class of shares denominated in foreign currency, and the percentage of such shares held.	Complied	Refer Page 69
(iv)	The float adjusted market capitalisation, public holding percentage (%),number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement a) The public holding percentage in respect of non-voting Shares (where applicable) b) The public holding percentage in respect of Foreign Currency-denominated Shares.	Complied	Refer Page 70
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Complied	Refer Page 13
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	Refer Page 09&10
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Refer Page 13
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Complied	Refer Page 71
(ix)	Number of shares representing the Entity's stated capital	Complied	Refer Page 70
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied	Refer Page 70
(xi)	Financial ratios and market price information	Complied	Refer Page 01 & 70
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Complied	Refer Page 56
(xiii)	Details of funds raised through a public issue or further issue of securities,the manner in which the funds of such issue have been utilised, details of the number of securities, class and consideration received and the reason for the issue and any material change in the use of funds	N/A	
(xiv)	Information in respect of Employee Share Ownership or Share Purchase Statements Schemes	N/A	
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rule 9 of the Listing Rules	Complied	Refer Page 20
(xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	N/A	
(xvii)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds,Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE.	N/A	

STATEMENT OF COMPLIANCE UNDER SECTION 9 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

CSE Rule		Extent of Compliance	Status of Compliance
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	The Company is in compliance with the Corporate Governance Rules and has stated explanations where applicable in the report.	Complied
9.2 Policies			
9.2.1	Availability of Policies	Please refer page 14.	Complied
9.2.2	Disclosure of any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by Company	There are no waivers and exemptions applicable to the Company at present	Complied
9.2.3	Disclosures in the Annual Report	Please refer page 14.	Complied
9.2.4	Policies to be made available on written request to shareholders	By a written request being made to the Company Secretary.	Complied
9.3 Board Committees			
9.3.1	Maintenance of minimum required Board Committees	The required Committees are maintained and are functioning effectively.	Complied
9.3.2	Board Composition,Responsibilities and Disclosures	The Company is in compliance with the requirements in respect of the Board Committees	Complied
9.3.3	Chairperson of the Board to not serve as the Chairperson of the Board Committees referred in 9.3.1	The Chairman of the Board of Directors was not the Chairman of Nominations & Governance Committee,Remuneration Committee, Audit Committee or the Related Party Transactions Review Committee during the year.	Complied
9.4 Meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Maintenance of records relating to all resolutions considered at any General Meeting including requisite information.	The Company Secretary maintains records of all resolutions and information (Appointment of proxy,number of votes in favour & against and number of shares in respect of vote was directed to be abstained) of General Meetings.	Complied
9.4.2	Communication and relations with shareholders and investors	The Company has established & adopted a new policy named Policy on Relations with Shareholders and Investors for effective communication and relations with shareholders and investors.	Complied
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Availability of policy on governing matters relating to Board of Directors	The Company has accepted the new Policy on matters relating to the Board of Directors.	Complied
9.5.2	Disclosures in the Annual Report	Please refer page 14.	Complied
9.6 Chairperson and CEO			
9.6.1	Requirement for a SID if the positions of Chairperson and CEO are held by the same individual	Chairperson and CEO roles are not combined.	Complied
9.6.2	Disclosure of Non - Compliances	N/A	Not applicable
9.6.3	Appointment of Senior Independent Director	N/A	Not applicable
9.6.4	Disclosure of Non - Compliances in the Annual Report	N/A	Not applicable
9.7 Fitness of Directors and CEOs			
9.7.1	Company to take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons in terms of the rules	Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board.	Complied
9.7.2	Ensure nominees meet fit and proper criteria before shareholder approval or appointment as Director		Complied

9.7.3	Assessment Criteria: Honesty, Integrity and Reputation, Competence and Capability and Financial Soundness	The Nominations and Governance Committees reviews and makes recommendation to the Board on the fitness and propriety of Directors.	Complied
9.7.4	Annual Declarations from Directors and CEO	Annual declarations from Directors confirming that each of them have continuously satisfied the fit and proper assessment criteria set out in the CSE revised listing rules were obtained.	Complied
9.7.5	Disclosures in the Annual Report	Please refer page 14.	Complied
9.8 Board Composition			
9.8.1	Minimum number of Directors on the Board	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	Complied
9.8.2	At least 2 members or 1/3 of the Board, whichever is higher to be independent.	The Board of Directors of the Company consists of four (4) Independent Directors.	Complied
9.8.3 9.8.4	Criteria for determining independence	The Company is complied with the criteria for determining independence of a Director.	Complied
9.8.5	Declaration	The Annual declarations was obtained from the board of Directors according to the provitions made under the revised CSE listing rules.	Complied
9.9 Alternate Directors			
9.9.1	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	No Alternate Directors were appointed to represent Non-Executive Directors.	Complied
9.10 Disclosures relating to Directors			
9.10.1	Disclose policy on the maximum number of directorships Board members are permitted to hold	In terms of the policy limits directors cannot hold directorships in more than 20 listed entities.	Complied
9.10.2 9.10.3	Appointment of new Director & Changes to the Composition	Nominations & Governance Committee reviews all new appointments.changes in the composition of the Board Committees had been taken place and immediate market announcements have been made on such changes .	Complied
9.10.4	Disclosures in the Annual Report	Please refer pages 04 to 07 for profiles of Directors. Page 17 for Directorship in other company	Complied
9.11 Nominations and Governance Committee			
9.11.1	Establishment of a Nominations and Governance Committee (NGC)	Refer Nominations & Governance Committee report given on page 29.	Complied
9.11.2	Formal procedure for the appointment and re-election of Directors		Complied
9.11.3	NGC to have a written Terms of Reference		Complied
9.11.4 (1) a-b	The Composition of NGC		Complied
9.11.4 (2)	Chairperson of NGC to be an ID		Complied
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members		Complied
9.11.5	Functions of NGC		Complied
9.11.6	NGC Report with requisite information to be disclosed in Annual Report		Complied
9.12 Remuneration Committee			
9.12.2	Establishment of a Remuneration Committee (RC)	Please refer Remuneration Committee report on page 26.	Complied
9.12.3 9.12.4	Remuneration Policy -Executive Directors/ Non-Executive Directors		Complied
9.12.5	RC Committee shall have written terms of reference clearly defining its scope, authority,duties and matters pertaining to the quorum of meetings		Complied

9.12.6 (1&2)	Composition of RC & Chairperson of RC to be an ID	Remuneration Committee consists of three Independent Directors & An Independent Director functioned as the Chairman of the Committee throughout the year.	Complied
9.12.7	Functions of the RC	Please refer Remuneration Committee report on page 26.	Complied
9.12.8	Disclosures in the Annual Report		Complied
9.13 Audit Committee			
9.13.1	Audit Committee (AC) to handle Risk functions where Company does not have separate Committees for Audit and Risk	Please refer Remuneration Committee report on page 25.	Complied
9.13.2	AC to have written terms of reference clearly defining its scope, authority and duties.		Complied
9.13.3 (1) a-b	Composition of Audit Committee		Complied
9.13.3 (2)	The quorum for AC meeting shall require a majority of those in attendance to be IDs		Complied
9.13.3 (3)	AC to meet as often as required, provided it meets compulsorily on a quarterly basis, at minimum,prior to recommending the release of financials	The Committee met four (4) times during the year. The Committee reviewed the quarterly and annual financial statements and recommended same to the Board of Directors prior to publication	Complied
9.13.3 (4) /(6)	ID who is a member of a recognised professional accounting body to be appointed as Chairperson of the AC	The Chairman of the Audit Committee, Mr. R.S.V. Darmapala is an Independent Non-Executive Director, Fellow Member of the Institute of Chartered Accountants of Sri Lanka.	Complied
9.13.3 (5)	CEO and the Chief Financial Officer (CFO) to attend the Audit Committee meetings by invitation.	Please refer Remuneration Committee report on page 25.	Complied
9.13.4	Functions of Audit Committee		Complied
9.13.5 (1)	Report of the Audit Committee		Complied
9.13.5 (2) a-i	Disclosures to be included in the Audit Committee report		Complied
9.14 Related Party Transactions Review Committee			
9.14.1	Establishment of a Related Party Transactions Review Committee	Please refer Remuneration Committee report on page 27.	Complied
9.14.2 (1)	Composition of Related Party Transactions Review Committee shall comprise of a minimum of 3 members, majority of whom should be Independant Directors and an Independant Director shall be appointed as the Chairperson	The Related Party Transactions Committee comprises only of Independent Directors and maintained the minimum requirement of three members throughout the year.	Complied
9.14.3	Functions of the Related Party Transactions Review Committee	Please refer Remuneration Committee report on page 27.	Complied
9.14.4 (1) -(4)	General Requirements including requirement for Related Party Transactions Review Committee to meet at least once a quarter, access to all aspects of Related Party Transactions , Related Party Transactions Review Committee to request Board to approve Related Party Transactions reviewed by it and requirements relating to Director's material personal interest in a matter being considered at a Board Meeting in relation to a Related Party Transaction		Complied
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	The Committee takes into account the provision of the said listing rules when reviewing related party transactions.	Complied
9.14.6	Shareholder Approval for Related Party Transactions	A situation to obtain the shareholder approval as per revised CSE listing rules has not arisen during the year.	Complied

9.14.7	Immediate Disclosures	A situation has not arisen where immediate disclosure is required to be made as per revised CSE listing rules.	Complied
9.14.8	Disclosures in the Annual Report	Please refer Remuneration Committee report on page 27	Complied
9.14.9	Acquisition and Disposal of assets from/to related parties	The Company has not acquired/disposed substantial assets from/to related parties.	Complied
9.14.10	Exempted Related Party Transactions	The provisions of the sections are considered when evaluating the Related Party Transactions by the Committee.	Complied
9.15 Additional Disclosures			
	(i) Declaration of all material interest	Please refer page 31.	Complied
	(ii) Review of internal controls and compliance controls	There were no significant instances of non-compliance with laws and regulations during the reporting period.	Complied
	(iii) Compliance with laws, rules and regulations		
	(iv) Disclosure of Material non-compliance		

STRUCTURE OF THE BOARD AND BOARD COMMITTEES

No	Name of the Director	Name of the Director Ship				Remuneration Committee		Audit Committee		RPT Review Committee		Nomination & Governance Committee	
		Executive	Non - Executive	Non - Executive Non-Independent	Non - Executive Independent	Chairman	Member	Chairman	Member	Chairman	Member	Chairman	Member
1	Mr. A .Y .M. Warnakulasooriya				✓		✓		✓		✓		✓
2	Mr. Toyohiko Murakami		✓										
3	Mr. Hiroyuki Ota	✓											
4	Mr. N Hobo			✓									
5	Mr. C.L.Godamanna				✓		✓		✓		✓		✓
6	Dr. R D R Perera				✓	✓			✓	✓		✓	
7	Mr.R.S.V.Dharmapala				✓			✓					

MEETINGS OF THE BOARD OF DIRECTORS

Name of the Director	07.08.2025	15.12.2025
Mr. A .Y .M.Warnakulasooriya	✓	✓
Mr. Toyohiko Murakami	✓	✓
Mr. Hiroyuki Ota	✓	✓
Mr. N Hobo	✓	✓
Mr.R.S.V.Dharmapala	✓	✓
Mr. C.L.Godamanna	✓	✓
Dr. R D R Perera	✓	✓

AUDIT COMMITTEE REPORT

MEMBERSHIP & APPOINTMENT

The Audit Committee comprises of Four Independent Non - Executive Directors. The Members of the Board appointed to the Audit Committee are:
Mr. R S V Dharmapala – Chairman, Mr. A Y M Warnakulasooriya , Mr. C Godamanna and Mr. Dr. R D R Perera.
The Audit Committee has a Term of Reference, dealing clearly with its authority and duties. This is established for the purpose of assisting the Board in fulfilling their responsibilities regarding the integrity of the financial statements, risk management, internal control, and compliance with legal and regulatory requirements, review of External Auditors performances, independence and the internal audit functions.
Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence.

FINANCIAL REPORTING

The Committee considered reports from the Accountant, and annual financial statements. It also considered reports from the External Auditors, Ernst & Young on the scope and outcome of the annual audit. The review is based on the Audit Committee Report compliance with the Sri Lanka Accounting Standards and the other related legislation.

MEETINGS OF THE AUDIT COMMITTEE

Name of the Director	07.05.2025	11.07.2025	28.10.2025	03.02.2026
Mr. A .Y .M.Warnakulasooriya	✓	✓	✓	✓
Mr.R.S.V. Dharmapala	✓	✓	✓	✓
Mr. C. L. Godamanna	✓	x	✓	✓
Dr. R D R Perera	✓	✓	✓	✓

RISK AND CONTROLS

During the year, the Committee assessed the major business and control risks and the control environment prevalent in the Company and advised the Board on actions to be taken in areas where weaknesses were observed. The Committee analyzed the effectiveness of the Company's internal control system already in place and the processes for identification, evaluation and management of all significant risks including frauds and operational failures.

EXTERNAL AUDIT

The Committee met with the External Auditor during the year to discuss their audit approach and procedures. It also reviewed and approved the Scope of Non-Audit services provided by Ernst & Young, to ensure that there was no impairment of independence.

AUDIT COMMITTEE EFFECTIVENESS

The Audit Committee conducts a review of its effectiveness annually and concluded this year that it was effective and able to fulfil its objectives.
(sgd)
Mr. R S V Dharmapala, Chairman
Audit Committee
17 July, 2026

REMUNERATION COMMITTEE REPORT

MEMBERSHIP & APPOINTMENT

The Board of Directors shall determine the composition of the Committee in compliance with the requirements of the Listing Rules. The Members of the Board appointed to the Remuneration Committee are:

Dr. R D R Perera – Chairman, Mr. A Y M Warnakulasooriya, and Mr. C Godamanna

MEETINGS OF THE REMUNERATION COMMITTEE

Name of the Director	22.06.2025
Dr. R D R Perera	✓
Mr. A Y M Warnakulasooriya	✓
Mr. C L Godamanna	✓

The objectives of the Remuneration Committee are to review and approve the overall remuneration philosophy, strategy, policies, and practices, including performance pay schemes and benefits.

The policy aims to design compensation packages that attract and retain a highly qualified and experienced workforce while rewarding performance, taking into account business performance and long-term shareholder returns. Remuneration paid to Directors is presented on page 16.

The Board meets regularly to review performance and forecasts against budgets so as to take decisions in the best interest of the Company.

(sgd)
Dr. R D R Perera, Chairman
Remuneration Committee
17 July, 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee was appointed by the Board of Directors of the Company on 10th March 2016. As at 31st March 2026 it comprised the following Directors,

Dr. R D Ravilal Perera – Chairman (Independent / Non-Executive)
Mr. A Y M Warnakulasooriya (Independent / Non-Executive)
Mr. C L Godamanna (Independent / Non-Executive)

MEETINGS OF COMMITTEE

The Committee had four meetings in the year 2025/2026. The committee discussed, reviewed all related party transactions which were entered into. The minutes were circulated to the Board of Directors for their information and review.

PURPOSE OF THE COMMITTEE

The purpose of the Committee as set out in its written Terms of Reference (TOR), is to review in advance all proposed Related Party Transactions other than those transactions explicitly exempted in the TOR which are in conformity with the Listing Rules. Accordingly, except for transactions mentioned therein, all other Related Party Transactions are required to be reviewed by the Committee either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

SCOPE OF THE COMMITTEE INCLUDES:

Reviewing in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the TOR;

Adopting policies and procedures to review Related Party Transactions of the Company and reviewing and overseeing existing policies and procedures;

Determining whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;

If Related Party Transactions are ongoing (Recurrent Related Party Transactions) the Committee establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party.

Ensuring that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee.

If there is any potential conflict in any Related Party Transaction, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction.

Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/ regulations are made in a timely and detailed manner.

POLICIES AND PROCEDURES

Sri Lanka Accounting standards define Related Party Transactions. This definition is consistent with Section 9 of the listing rules of CSE. Under these the members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the data base of the Company.

RELATED PARTY TRANSACTIONS DURING 2025/26

During the year 2025/26, there were no both recurrent and non- recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

Details of other related party transactions entered into by the Company during the above period is disclosed in Note 23 to the financial statements.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

DECLARATION

The Board of Directors hereby declares that no related party transaction falling within the ambit of the Listing Rules was entered in to by the Company during the financial year 2025/26.

MEETINGS OF THE RPT REVIEW COMMITTEE

Name of the Director	07.05.2025	11.07.2025	28.10.2025	03.02.2026
Dr. R D R Perera	✓	✓	✓	✓
Mr. A .Y .M.Warnakulasooriya	✓	✓	✓	✓
Mr. C. L. Godamanna	✓	✓	✓	x

The Related Party Transactions Review Committee of the Board of Directors of Bansei Royal Resorts Hikkaduwa PLC.,affirms that the Related Party Transactions Review Committee Report is in compliance with the Related Party Transaction Rules, in accordance with Section 9.3.2 (d) of the Continuing Listing Rules of the Colombo Stock Exchange.

(sgd)
Dr. R D R Perera, Chairman
Related Party Transactions Review Committee
17 July 2026

NOMINATION AND GOVERNMENT COMMITTEE REPORT

MEMBERSHIP & APPOINTMENT

The Nominations and Governance Committee, comprises three Non-Executive Independent Directors as shown in below table. The functions performed by the Company are as set forth in Rule 9.11.5 of the Listing Rules of the Colombo Stock Exchange (the "Listing Rules"). The Committee meetings were held on annual basis. The Nominations and Governance Committee met on three occasions during the financial year.

MEETINGS OF THE NOMINATION AND GOVERNMENT COMMITTEE

Name of the Director	25.06.2025
Dr. R D R Perera	✓
Mr. A .Y .M.Warnakulasooriya	✓
Mr. C.L.Godamanna	✓

The following disclosures are made in terms of Rule 9.11.6 of the Listing Rules:

i. The Committee has adopted the necessary processes for periodic evaluation of the performance of the Directors and such periodic evaluation has been carried out in terms of Rule 9.11.5 of the Listing Rules.

ii. The Committee has reviewed and evaluated the individuals nominated for appointment as Directors of the Company and to Board Committees following the requirements outlined in the Listing Rules and the Articles of Association of the Company. This includes an assessment of whether each individual meets the fit and proper criteria stipulated by the Listing Rules. The review and evaluation are conducted based on the criteria and framework adopted by the Committee.

iii. Provide advice and recommendations to the Board on any such appointment.

iv. Periodically review the independence of all Independent Non-Executive Directors in terms of independence criteria specified by applicable laws, rules and regulations.

v. The Committee facilitates the Company's induction programmes for new Directors on corporate governance, Listing Rules, securities market regulations, and other applicable laws and regulations.

vi. Assess the skills required by the Board and needs of the business.

vii. The Committee has established the necessary processes to inform Independent Directors about major issues affecting the Company. This is done either during meetings of the Board or its committees, and, if necessary, through written communication.

viii. Assess the skills required by the Board and needs of the business.

ix. Establish processes for the periodic evaluation of the Board to ensure that their responsibilities are satisfactorily discharged.

x. Directors are not required to submit themselves for re-election at regular intervals.

xi. The Corporate Governance requirements stipulated under the Listing Rules have been met.

The information pertaining to such Directors who are being proposed for re-appointment or re-election which are required in terms of Rule 9.11.6(g) of the Listing Rules, are the following:

Members Proposed for re-election & Contract renewal	Nature of Directorship	Date of first appointment as a director	Date of last re-appointment as a Director	Current membership in Board Committees, Other principal commitments & other relationships
Dr. R D R Perera	Independent/ Non-Executive Director	30th September 2024	N/A	The details are provided in the Board Profiles

(sgd)
Dr. R D R Perera
Chairman – Nominations and Governance Committee
17 July 2026

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible, under Section 150 (1), 151, of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare the Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Income Statement for the financial year end. The Directors are also responsible, under section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate Accounting Policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards. The Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken reasonable measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The Directors are confident that they have discharged their responsibility as set out in this statement. They also confirm that to the best of their knowledge, all statutory payments payable by the Company as at the balance sheet date have been paid or where relevant, provided for.

For and on behalf of the Board of Directors of Bansei Royal Resorts Hikkaduwa PLC.



.....

Mr. H. Ota
Director/CEO



.....

Mr. A Y M Warnakulasooriya
Director

17 July 2026

BANSEI ROYAL RESORTS HIKKADUWA PLC
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Shape the future with confidence

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

CAY/KP/AD

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BANSEI ROYAL RESORTS HIKKADUWA PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Bansei Royal Resort Hikkaduwa PLC ("the Company"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the 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.

(Contd…2)

BANSEI ROYAL RESORTS HIKKADUWA PLC
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Shape the future
with confidence

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue The Company derives its revenue of Rs. 136 million by providing food, beverage, lodging and other hospitality industry related services as disclosed in Note 3.12 and 14 to the financial statements. Revenue was a key audit matter due to: • Its significance to the financial statements and the audit focus on the completeness of revenue recognized during the year.	Our audit procedures included the following key procedures: • Understood the relevant key controls over revenue. • Performed appropriate analytical procedures to understand and assess the reasonableness of reported revenues; • Tested the appropriateness of revenue recognized during the year, by testing revenue transactions to sales invoices and other supporting documents. • We also assessed adequacy of disclosures made in relation to the recognition of revenue in Notes 3.12 and 14 to the financial statements.

Other information included in the Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Management is responsible for the other information.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

(Contd…3/)

BANSEI ROYAL RESORTS HIKKADUWA PLC
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Shape the future
with confidence

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 auditors' 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 are also:

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

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

BANSEI ROYAL RESORTS HIKKADUWA PLC
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

Shape the future
with confidence

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 7752.

17 July 2026

Colombo

BANSEI ROYAL RESORTS HIKKADUWA PLC

STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

		2026	2025
ASSETS	Note	**Rs.**	Rs.
Non-Current Assets			
Property, Plant and Equipment	6	**193,076,266**	198,718,309
		193,076,266	198,718,309
Current Assets			
Inventory	7	**3,499,273**	3,196,318
Trade and Other Receivables	8	**6,418,577**	6,720,466
Advance, deposits and prepayments	8.3	**3,825,562**	2,366,049
Income Tax Receivable		**3,040,090**	3,040,090
Short Term Deposits	9	**134,569,687**	135,635,429
Cash and Balances with Banks	10	**14,735,756**	2,578,055
		166,088,946	153,536,408
Total Assets		**359,165,212**	352,254,716
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	11	**272,280,000**	272,280,000
Retained Earnings		**26,319,887**	27,035,286
Total Equity		**298,599,887**	299,315,286
Non-Current Liabilities			
Retirement Benefit Obligation	12	**5,354,030**	4,035,954
Deferred tax liability	18.2	**29,565,165**	29,653,391
		34,919,195	33,689,345
Current Liabilities			
Trade and Other Payables	13	**25,646,128**	19,250,085
		25,646,128	19,250,085
Total Equity and Liabilities		**359,165,212**	352,254,716

I certify that the financial statements comply with the requirement of Companies Act No 07 of 2007.



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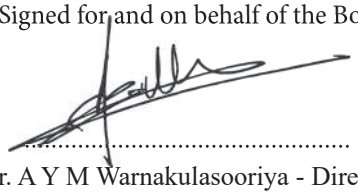
Mr.D.S.Ranasinghe - Finance Officer

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



.....

Mr. H. Ota - Director



.....

Mr. A Y M Warnakulasooriya - Director

The accounting policies and notes on pages 40 through 68 form an integral part of these Financial Statements.

17 July 2026
Colombo

BANSEI ROYAL RESORTS HIKKADUWA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 March 2026

	Note	2026 Rs.	2025 Rs.
Revenue from Contract with Customers	14	**136,033,167**	139,550,469
Cost of Sales		**(25,439,759)**	(28,695,969)
Gross Profit		**110,593,408**	110,854,500
Other Income	15	**1,505,914**	(1,802,838)
Administrative Expenses		**(95,604,335)**	(87,156,129)
Sales and Marketing Expenses		**(4,611,050)**	(3,614,528)
Operating Profit/ (Loss)		**11,883,937**	18,281,004
Finance Income	16	**10,671,899**	12,192,086
Profit/(Loss) before Tax	17	**22,555,835**	30,473,090
Tax (Charge)/Reversal	18	**(6,998,140)**	(9,027,700)
Profit/(Loss) for the year		**15,557,696**	21,445,390
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
Actuarial Gain/(Loss) on Defined Benefit Plan	12	**(220,992)**	(706,443)
Deferred tax effect	18.2	**66,298**	211,933
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(154,694)**	(494,510)
Total Comprehensive Income for the year, net of tax		**15,403,002**	20,950,879
Basic Earnings/(Loss) per share		**0.29**	0.40

The accounting policies and notes on pages 40 through 68 form an integral part of these Financial Statements.

BANSEI ROYAL RESORTS HIKKADUWA PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2026

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2024	272,280,000	22,202,806	294,482,806
Profit/(Loss) for the year	-	21,445,390	21,445,390
Other comprehensive income	-	(494,510)	(494,510)
Total comprehensive income	-	20,950,880	20,950,880
Dividend Paid	-	(16,118,400)	(16,118,400)
Balance as at 31 March 2025	272,280,000	27,035,286	299,315,286
Profit/(Loss) for the year	-	15,557,696	15,557,696
Other comprehensive income	-	(154,694)	(154,694)
Total comprehensive income	-	15,403,002	15,403,002
Dividend Paid	-	(16,118,400)	(16,118,400)
Balance as at 31 March 2026	272,280,000	26,319,887	298,599,888

The accounting policies and notes on pages 40 through 68 form an integral part of these Financial Statements.

BANSEI ROYAL RESORTS HIKKADUWA PLC

STATEMENT OF CASH FLOW

Year ended 31 March 2026

	Note	2026 Rs.	2025 Rs.
Cash Flows from/(used in) Operating Activities			
Profit Before Tax		**22,555,835**	**30,473,090**
Adjustments for			
Depreciation	6.2	**12,963,404**	**8,982,108**
Provision for Defined Benefit Obligation	12	**1,209,084**	**1,070,287**
(Profit)/Loss on disposals		**102,876**	**83,906**
Interest income	16	**(10,671,899)**	**(12,192,086)**
Operating Profit before Working Capital Changes		**26,159,300**	**28,417,305**
(Increase)/Decrease in Inventories		**(302,955)**	**399,263**
(Increase)/Decrease in Trade and Other Receivables		**313,855**	**(2,035,764)**
(Increase)/Decrease in Advance, deposits & prepayments		**(1,465,682)**	**430,757**
Increase/(Decrease) in Trade and Other Payables		**(624,016)**	**3,369,372**
Cash Generated from Operations		**24,080,496**	**30,580,934**
Gratuity Paid		**(112,000)**	**(1,013,500)**
Net Cash from Operating Activities		**23,968,502**	**29,567,434**
Cash Flows from/(used in) Investing Activities			
Acquisition of Property, Plant and Equipment	6.1	**(7,448,737)**	**(22,476,424)**
Interest Income Received	16	**10,671,899**	**12,192,086**
Sale proceed on disposal of property plant &equipment		**18,700**	**191,040**
Investment made in Short Term Investments		**1,065,742**	**(7,488,170)**
Net Cash from Investing Activities		**4,307,606**	**(17,581,468)**
Cash Flows used in Financing Activities			
Dividend Paid		**(16,118,400)**	**(16,118,400)**
Net Cash used in Financing Activities		**(16,118,400)**	**(16,118,400)**
Net Increase/(Decrease) in Cash and Cash Equivalents		**12,157,701**	**(4,132,433)**
Cash and Cash Equivalents at the beginning of the year		**2,578,055**	**6,710,489**
Cash and Cash Equivalents at the end of the year	10	**14,735,756**	**2,578,055**

The accounting policies and notes on pages 40 through 68 form an integral part of these Financial Statements.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

1. CORPORATE INFORMATION

1.1 General

Bansei Royal Resorts Hikkaduwa PLC (Previously known as "Coral Rock Hotels (Private) Limited") is a Public Limited Liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at 4th Floor, World Trade Centre, Colombo 01, and the principal place of business is located at No. 340, Galle Road, Hikkaduwa.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were providing food, beverage, lodging and other hospitality industry related services.

1.3 Parent Entity and Ultimate Parent Entity

In the opinion of the Directors, the Company's immediate parent undertaking is Bansei Securities Co Limited, and the ultimate parent undertaking is Bansei Holdings Co Limited, both the companies are incorporated in Japan.

1.4 Approval of Financial Statements

The Financial Statements of Bansei Royal Resorts Hikkaduwa PLC for the year ended 31 March 2026 were authorized for issue in accordance with a resolution of the Board of Directors on 17 July 2026.

1.5 Responsibility for Financial Statements

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

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

2. GENERAL POLICIES

2.1 Basis Of Preparation

The financial statements of the Company comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and statement of cash flow together with the Accounting Policies and Notes to the financial statements.

2.2 Statement of Compliance

The Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 7 of 2007.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost basis.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees (Rs.).

2.5 Materiality and Aggregation

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

2.6 Comparative Information

The financial statements provide comparative information in respect of the previous period. The Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.8 Use of Estimates and Judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below.

2.8.1 Deferred Tax

Deferred Tax Liability as reflected in Note 18.2 are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2.8.2 Impairment Assessment of Property Plant and Equipment

The negative effects caused on the Company and the industry in which it operates resulting from the economic recession resulted in indicators of impairment identified on the Company's property, plant and equipment. Accordingly, the Company engaged an external, independent valuer for purposes of determining the fair value less costs of disposal of property, plant and equipment for purposes of performing the impairment test. When current market prices of similar assets are available, such evidences are considered in estimating fair values of property, plant and equipment. In the absence of such information, the Company determines within reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of the independent professional valuer. Further details relating to significant unobservable inputs used in the valuation are provided in Note 6.

3. MATERIAL ACCOUNTING POLICICY INFORMATION

3.1 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 current economic conditions on the Company and the appropriateness of the use of the going concern basis.

The Company evaluated the resilience of its businesses considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure. The Company presently has fixed deposit reserves amounting to Rs. 134,569,687/- which is able to sustain the Company's operation in the near term. Considering cash reserves available as well as measures taken by the management to inhibit the impact from, the Directors have concluded that the use of the going concern assumption continues to be appropriate in preparing the Company's financial statements.

3.2 Foreign Currency Transactions

The Financial Statements are presented in Sri Lanka Rupees, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rate prevailing at the date of the transaction first qualifying for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign currency differences arising on retranslation are recognized in the Statement of profit or loss. All differences arising on settlement or translation of monetary items are taken to statement of profit or loss. Non-monetary assets and liabilities which are carried

in terms of historical cost in a foreign currency are translated at the exchange rate that prevailed at the date of the initial transaction.

3.3 Current versus Non-Current Classification

The Company presents assets and liabilities in the statement of financial position as current and non-current.

An asset is classified as 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 equivalents 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.

3.4 Property, Plant and Equipment

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

3.4.1 Basis of recognition

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

3.4.2 Basis of measurement

Items of property, plant & equipment are measured at cost net of accumulated depreciation and accumulated impairment losses, if any.

3.4.3 Owned Assets

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

3.4.4 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

3.4.5 Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

3.4.6 Depreciation

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

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Company will have ownership by the end of the lease term. Freehold land is not depreciated.

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

Buildings on Freehold Land	40 years
Furniture and Fittings	8 years
Tools and Equipment	2 years
Electrical Equipment	5 years
Air Conditioners	4 years
Computer Equipment	4 years
Kitchen Equipment	4 years
Office Equipment	8 years
Crockery and Cutlery	2 years
Linen	2 years
House Keeping Equipment	2-8 years
Computer System	4 years

Electric Oven	5 years
Generator	10 years

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

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

3.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. 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.

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

Food and Beverage - At purchase cost on weighted average basis.

Other Inventories - At purchase cost on weighted average basis.

3.6 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand and demand deposits that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the statement of cash flow, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

3.7 Impairment of Non-Financial Assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the Statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the Company makes

an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of profit or loss.

3.8 Financial instruments

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

3.8.1 Financial Assets

3.8.1.1 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. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

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.

3.8.1.2 Subsequent measurement of financial assets

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

- Financial assets at amortised cost (debt instruments)

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

All financial assets of the Company represent 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 derecognised, modified or impaired.

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

3.8.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e: removed from the Company's 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.

3.8.1.4 Impairment of financial assets

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

• Trade receivables,

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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, 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 considers a financial asset in default when contractual payments are 360 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.

3.8.2 Financial liabilities

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

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3.8.2.2 Subsequent measurement

Loans and borrowings

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

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

3.8.2.3 Derecognition

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

3.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount 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, or to realise the assets and settle the liabilities simultaneously

3.8.4 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

3.9 Employee benefits

Defined contribution plan

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 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. 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 12. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognised in full in the Other Comprehensive Income.

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.

3.10 Provisions

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

3.11 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.12 Revenue from Contracts with Customers

Accounting Policy

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 be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS
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Services transferred over time

Under SLFRS 15, the Company determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Company recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The following specific criteria are used for the purpose of recognition of revenue:

Room Revenue

Revenue is recognized on the rooms occupied on daily basis.

Sale of Food & Beverages

Revenue from sale of food and beverages is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods.

Other Hospitality Related Revenue

Other hospitality related services are recognized as the services are performed.

3.13 Other Income

Interest Income

Interest Income is recognised on a time proportion basis that takes in to account the effective yield on the asset unless collectibles is in doubt.

Other Income

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment has been accounted for in the Statement of Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a Company of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.14 Expenses

Expenses are recognized in the Statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

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

3.14.1 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

respective 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.

3.15 Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except items recognised directly in Other Comprehensive Income.

3.15.1 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.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income 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.

3.15.2 Deferred Tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 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 other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was

3.15.3 Sales tax

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

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

4. GENERAL

4.1 Earnings Per Share

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

4.2 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “indirect method”. Interest paid is classified as operating cash flow. Interest income is classified as cash flows from investing activities.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Adoption of these amendments and interpretations will not have significant impact on the financial statements of the Company.

Presentation and Disclosure in Financial Statements - SLFRS 18

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized 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

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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.

Subsidiaries without public accountability: Disclosures- SLFRS 19

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.

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.

Annual improvements to Sri Lanka Accounting Standards

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

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

6. PROPERTY, PLANT AND EQUIPMENT

6.1 Gross Carrying Amounts

	Balance as at 01.04.2025 Rs.	Additions Rs.	Disposal Rs.	Balance as at 31.03.2026 Rs.
At Cost				
Freehold Land	63,574,071	-	-	**63,574,071**
Buildings on Freehold Land	164,310,380	1,908,205	-	**166,218,585**
Furniture and Fittings	25,142,874	2,404,621	(5,078,957)	**22,468,538**
Tools and Equipments	514,288	278,665	(65,155)	**727,798**
Electrical Equipments	17,199,048	621,082	(3,133,146)	**14,686,986**
Air Conditioners	9,057,092	549,822	(1,872,121)	**7,734,793**
Computer Equipments	3,302,180	400,000	(847,367)	**2,854,813**
Kitchen Equipments	9,452,439	509,627	(839,241)	**9,122,827**
Office Equipments	858,346	5,800	(246,100)	**618,046**
Crockery and Cutlery	1,429,541	271,684	(123,500)	**1,577,725**
Linen	7,998,493	499,230	-	**8,497,723**
House Keeping Equipment	1,039,298	-	-	**1,039,298**
Computer System	4,092,358	-	-	**4,092,358**
Electric Oven	581,486	-	-	**581,486**
Generator	9,246,169	-	-	**9,246,169**
Total Cost	**317,798,063**	**7,448,738**	**(12,205,587)**	**313,041,213**

6.2 Depreciation

	Balance as at 01.04.2025 Rs.	Charged for the year Rs.	Disposal Rs.	Balance as at 31.03.2026 Rs.
At Cost				
Buildings on Freehold Land	54,341,772	4,131,612	-	**58,473,384**
Furniture and Fittings	18,658,795	1,065,022	(5,058,509)	**14,665,308**
Tools and Equipments	514,288	76,250	(65,155)	**525,383**
Electrical Equipments	13,491,875	898,063	(3,105,589)	**11,284,349**
Air Conditioners	5,197,479	1,552,816	(1,872,121)	**4,878,174**
Computer Equipments	2,262,633	445,910	(789,565)	**1,918,980**
Kitchen Equipments	8,241,003	603,491	(830,077)	**8,014,419**
Office Equipments	728,181	21,836	(240,300)	**509,717**
Crockery and Cutlery	942,146	306,392	(116,896)	**1,131,642**
Linen	2,945,701	2,881,425	-	**5,827,126**
House Keeping Equipment	813,452	66,818	-	**880,270**
Computer System	3,516,739	575,621	-	**4,092,360**
Electric Oven	581,486	-	-	**581,486**
Generator	6,844,203	338,147	-	**7,182,350**
Total Depreciation	119,079,755	12,963,405	(12,078,212)	**119,964,949**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

6. PROPERTY, PLANT AND EQUIPMENT (Contd...)

6.3. Net Book Values

	2026	2025
	Rs.	Rs.
At Cost		
Freehold Land	**63,574,071**	**63,574,071**
Buildings on Freehold Land	**107,745,201**	**109,968,609**
Furniture and Fittings	**7,803,230**	**6,484,079**
Tools and Equipment	**202,415**	**-**
Electrical Equipment	**3,402,635**	**3,707,173**
Air Conditioners	**2,856,619**	**3,859,613**
Computer Equipment	**935,834**	**1,039,546**
Kitchen Equipment	**1,108,408**	**1,211,436**
Office Equipments	**108,329**	**130,165**
Crockery and Cutlery	**446,081**	**487,395**
Linen	**2,670,597**	**5,052,792**
House Keeping Equipment	**159,027**	**225,846**
Computer System	**-**	**575,621**
Generator	**2,063,819**	**2,401,966**
	193,076,266	**198,718,309**
Total Carrying Amount of Property, Plant and Equipment	**193,076,266**	**198,718,309**

6.4 During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 7,448,737/- (2025 - Rs 22,476,424/-).

6.5 Property Plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 56,721,760/- (2024 - 50,417,979/-).

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

7. INVENTORIES	2026 Rs.	2025 Rs.
Food and Beverages	2,186,606	2,179,850
Printing and Stationery	253,487	206,682
Gas and Charcoal	416,765	278,399
Housekeeping and Maintenance	483,554	385,763
Kitchen Supplier Stock	158,861	145,623
	3,499,273	3,196,318

8. TRADE AND OTHER RECEIVABLES	2026 Rs.	2025 Rs.
Trade Receivables (8.1)	2,674,399	4,489,199
Other Receivables (8.2)	3,744,178	2,231,267
	6,418,577	6,720,466

8.1 Trade Receivables	2026 Rs.	2025 Rs.
Trade Receivables	2,274,122	3,660,853
Credit Cards	400,277	828,347
	2,674,399	4,489,199

8.2 Other Receivables	2026 Rs.	2025 Rs.
VAT Receivable	581,743	334,574
WHT Receivable	3,162,434	1,896,693
	3,744,179	2,231,267

8.3 Advance, deposits and prepayments	2026 Rs.	2025 Rs.
Advance Payment	1,325,750	588,336
Pre Payment	2,119,919	1,497,819
Other Debtors	337	337
Other Deposit	379,557	279,557
	3,825,563	2,366,049

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

9. SHORT TERM DEPOSITS

	2026 Rs.	2025 Rs.
At Amortized cost		
Balance as at 01 April	135,635,429	128,147,259
Investments made during the year	130,000,000	152,000,000
Interest Income	9,989,579	11,493,841
Withdrawal During the year	(142,055,322)	(156,005,671)
Balance as at 31 March	134,569,687	135,635,429

10. CASH AND BALANCES WITH BANKS

	2026 Rs.	2025 Rs.
Cash in Hand	220,796	400,686
Cash at Bank	14,514,960	2,177,369
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	14,735,756	2,578,055

11. STATED CAPITAL

	2026 Number	2026 Rs	2025 Number	2025 Rs
Fully paid Ordinary Shares				
	53,728,000	272,280,000	53,728,000	272,280,000
	53,728,000	272,280,000	53,728,000	272,280,000

12. RETIREMENT BENEFIT OBLIGATION - GRATUITY

	2026 Rs.	2025 Rs.
Balance as at Beginning of the Year	4,035,954	3,272,724
Current Service Cost	805,489	677,560
Interest Cost	403,595	392,727
Actuarial Loss/(Gain)	220,992	706,443
Payments Made During the Year	(112,000)	(1,013,500)
Balance as at End of the Year	5,354,030	4,035,954

12.1 Net Benefit Expense Recognised to Comprehensive Income

Net benefit expense (recognised in profit or loss)		
Current Service Cost	805,489	677,560
Interest Cost	403,595	392,727
	1,209,086	1,070,287
Net benefit expense (recognised in other comprehensive Income)		
Actuarial (Gain)/Loss	220,992	706,443
Net benefit expense	1,430,077	1,776,730

NOTES TO THE FINANCIAL STATEMENTS
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12.2 The principal assumptions used in determining defined benefit obligation are shown below:

	2026	2025
Discount Rate	10%	10%
Salary Increment	10%	10%
Staff Turnover	19%	20%
Average Expected Future Services	10 Years	10 Years

12.3 Sensitivity of assumptions used

		Effect on Comprehensive Income Increase / (reduction) Rs.	Effect on Comprehensive Income Increase / (reduction) Rs.
Increase/ (decrease) in Discount Rate	+ 1 %	5,133,802	3,872,834
	- 1 %	5,592,729	4,212,561
Increase/ (decrease) in Salwary Increment	+ 1 %	5,578,955	4,201,421
	- 1 %	5,142,649	3,880,359
Increase/ (decrease) in Employee Turneover	+ 1 %	5,344,999	4,028,918
	- 1 %	5,363,077	4,043,051

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

	2026 Rs.	2025 Rs.
Less than or equal 01 year	844,511	667,979
Over 01 year and less than or equal 05 years	3,312,998	2,582,013
Over 05 year and less than or equal 10 years	810,005	550,461
Over 10 years	386,515	235,502
Total Expected payments	5,354,030	4,035,954

13. TRADE AND OTHER PAYABLES

	2026 Rs.	2025 Rs.
Trade Payables	3,680,467	2,848,735
Income Tax Payable	7,020,065	-
Dividant Payable	2,610,457	963,464
Sundry Creditors including Accrued Expenses	12,003,965	15,005,567
Contract Liabilities	331,173	432,318
	25,646,128	19,250,085

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

14. REVENUE FROM CONTRACTS WITH CUSTOMERS	2026	2025
	Rs.	Rs.
Gross Revenue (14.2)	137,407,239	140,954,961
Less: Tourism Development Levy	(1,374,072)	(1,404,493)
	136,033,167	139,550,469

14.2 Disaggregation of Revenue	Time of Revenue Recognition	2026	2025
		Rs	Rs.
Room Revenue	Over Time	89,233,906	83,591,470
Restaurant Revenue	Point in Time	40,634,858	48,770,140
Spa Income	Point in Time	430,384	411,569
Beverage Revenue	Point in Time	6,727,110	7,091,186
Miscellaneous Income	Point in Time	47,996	631,120
Laundry Income	Point in Time	332,985	459,476
		137,407,239	140,954,961

15. OTHER INCOME AND GAINS	2026	2025
	Rs.	Rs.
Profit/(Loss) on Disposal of Assets	(102,876)	(83,906)
Foreign Exchange Gain	46,211	39,391
Other Income	1,547,848	-
Insurance Claim	14,730	(1,758,323)
	1,505,915	(1,802,838)

16. FINANCE INCOME	2026	2025
	Rs.	Rs.
Interest on Fixed Deposits	9,989,579	11,493,841
Interest on Saving Account	682,320	698,245
	10,671,899	12,192,086

17. PROFIT/(LOSS) BEFORE TAX

Stated after Charging	2026	2025
	Rs.	Rs.
Included in Administrative Expenses		
Employees Benefits including the following		
- Defined Benefit Plan Costs - Gratuity	1,209,084	1,070,287
- Defined Contribution Plan Costs - EPF and ETF	3,594,200	3,350,329
Depreciation	12,963,404	8,974,540
Auditors' Remuneration		
Audit services	1,056,000	800,668
Charity and Donation	38,000	45,000

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

18. INCOME TAX EXPENSE	2026	2025
	Rs.	Rs.
Current Income Tax charge (18.1)	7,020,068	-
Under/(Over) Provision of Current Taxes in Respect of Prior Year	-	(416,857)
Deferred Taxation Charge/(Reversal) (18.2)	(21,928)	9,444,557
Income Tax Expense reported in the Income Statement	6,998,140	9,027,700

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

Accounting Profit/(Loss) before Income Tax	22,555,835	30,473,090
Prior Year Adjustment	(267,319)	-
Disallowed Items	15,435,314	11,365,772
Allowed Items / Other Source of income	(19,100,082)	(20,347,647)
Loss Claimed	(5,895,421)	(21,491,215)
Business Income	12,728,327	-
Interest income	10,671,899	12,192,086
Unrelieved business losses	-	(12,192,086)
	-	-
Income Tax @ 30%	7,020,068	-
Current Income Tax Charge	7,020,068	-
Tax Losses		
Tax Losses Brought Forward	5,895,421	39,578,722
Tax Losses Utilised	(5,895,421)	(33,683,301)
	-	5,895,421

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

18.2 **Deferred tax assets, liabilities and income tax relates to the followings.**

	Statement of Financial Position		Statement of Comprehensive Income		Statement of Income	
	2026	2025	2026	2025	2026	2025
Deferred Tax Liability						
Capital allowances for tax purpose	30,952,648	32,632,804	-	-	(1,680,156)	(638,115)
	30,952,648	32,632,804	-	-	(1,680,156)	(638,115)
Deferred Tax Assets						
Post employee benefit liability	1,387,483	1,210,786	66,298	211,933	110,399	17,036
Carried forward tax losses	-	1,768,627	-	-	(1,768,627)	(10,099,708)
	1,387,483	2,979,413	66,298	211,933	(1,658,228)	(10,082,672)
Deferred income tax (income)/expense					(21,928)	9,444,557
Net deferred tax liability	29,565,165	29,653,391				

Effect on Tax Rate change		
Balance at the beginning of the period	29,653,391	20,420,767
Origination / (Reversal) of Temporary difference	(21,928)	9,444,557
Impact on Other Comprehensive Income	(66,298)	(211,933)
Balance at the end of the period	29,565,165	29,653,391

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

19 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

19.1 Amount Used as the Numerator:	2026	2025
	Rs.	Rs.
Profit/(Loss) attributable to Ordinary Shareholders for Basic Earnings/(Loss) per Share	15,557,696	21,445,390

19.2 Number of Ordinary Shares Used as Denominator:		
	Number	Number
Weighted Average Number of Ordinary Shares in issue applicable to Basic Earnings/(Loss) Per Share	53,728,000	53,728,000
Basic Earnings per share	0.29	0.40

20. DIVIDEND

	2026		2025	
	Per Share	Amount	Per Share	Amount
	Rs.	Rs.	Rs.	Rs.
Declared and paid during the year				
Final Dividend's 2025/26	0.20	10,745,600		
			0.30	16,118,400

Directors have recommended a Final Dividend of Rs.0.20/- per ordinary share for the year ended 31st March 2026 subject to approval at the forthcoming Annual General Meeting. In accordance with LKAS 10 – Events After the end of the Reporting Period of the Sri Lanka Accounting Standards, the proposed final dividend has not been recognized as a liability as at 31st March 2026, and would result in a total outflow of Rs.10,745,600/-.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

21. COMMITMENTS AND CONTINGENCIES

21.1 Capital Expenditure Commitments
The Company does not have significant capital expenditure commitments as at reporting date.

21.2 Contingent Liabilities
The Company does not have significant contingent liabilities as at reporting date.

22. ASSETS PLEDGED
No assets have been pledged as securities as at reporting date.

23. RELATED PARTY DISCLOSURES
Details of significant related party disclosures are as follows:

23.1	Transaction with the Related Entities	Affiliates & Other Related Parties	
a)	Nature of Transaction	2026	2025
		Rs.	Rs.
	As at 01 April		
	Payments during the year	-	(4,796)
	Received During the Year	(130,491)	(100,836)
	Reimbursement of expenses	-	4,796
	Accommodation sales	130,491	100,836
	As at 31 March	-	-

Fellow Subsidiary : Bansei Holdings LK(Pvt) Ltd

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

23. RELATED PARTY DISCLOSURES (Cont..)

b) Reimbursement of expenses

Bansei Holdings LK (Pvt) Ltd has paid the accommodation charges made for directors on behalf of Bansei Securities Company Limited.

Name of the Related Party	Relationship	Nature of the transaction	Value of Related Party Transaction entered into during the financial year	Aggregate value of the Related Party Transaction as a % of Revenue
Bansei Holdings Co Ltd	Ultimate Parent	Dividend	1,370,064	1.01%
Bansei Securities Company Limited	Parent	Dividend	5,343,188	3.93%
Hikkaduwa Hotel Holdings Private Limited	Fellow Subsidiary	Dividend	4,247,260	3.12%
Bansei Holdings LK (Pvt) Ltd	Fellow Subsidiary	Accommodation/ Reimbursement of expenses	130,491	0.10%

23.2 Transactions with Key Management Personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

a) Key Management Personnel Compensation

The following compensation have been paid during the year to the Key Management Personnel of the Company, which require disclosure in these Financial Statements.

	Directors	
Nature of Transaction	2026	2025
	Rs.	Rs.
As at 01 April	925,000	-
Directors fee	1,475,000	1,325,000
Payments during the year	(2,275,000)	(400,000)
As at 31 March	125,000	925,000

23.3 Other Related Parties Disclosures

No material transactions have taken place during the year with the parties/entities in which Key Management Personnel or their Close Family Members have control, joint control , which require to disclosure in these Financial Statements other than those disclosed above.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

23.4 Terms and conditions of transactions with related parties

All related party transactions have been conducted on agreed commercial terms with respective parties

24. FAIR VALUE

Cash and short-term deposits, trade receivables, trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Finance lease payable for which periodical interest is paid are also considered to be carried at fair value in the book since the original financing rate does not differ materially form the current market rate.

25. EVENTS OCCURRING AFTER THE REPORTING DATE

There have no other material events occurring after the reporting date that require adjustments to or disclosure in the financial statements other than mentioned below.

Directors have recommended a Final Dividend of Rs.0.20/- per ordinary share for the year ended 31st March 2026 subject to approval at the forthcoming Annual General Meeting. In accordance with LKAS 10 – Events After the end of the Reporting Period of the Sri Lanka Accounting Standards, the proposed final dividend has not been recognized as a liability as at 31st March 2026, and would result in a total outflow of Rs.10,745,600/-.

26. COMPARATIVE INFORMATION

The following comparative figures have been classified in the Statement of Profit or Loss and Other Comprehensive Satatement to improve the comparability of financial statements in order to provide a better presentation.

Year ended 31 March 2025	Previously Reported		Reclassification	Adjustment
Insurance Claim	Other Income & Gains	-	(1,758,323)	(1,758,323)
Insurance Claim	Finance Income	(1,758,323)	-	1,758,323

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise Interest Bearing loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

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

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

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

Market Risk

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

Foreign Currency Risk

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

Foreign Currency Sensitivity

The following table demonstrate the sensitivity of company's profit before tax to a reasonably possible change in USD exchange rates, assuming all other variables being held constant.USD exchange rates,

Sensitivity related to Cash at Bank		Effect on Profit Before Tax Rs.	
		As at 31st March 2026	As at 31st March 2025
Changes in USD Rate of Exchange	(+10%)	1,379,930	65,820
	(-10%)	1,129,034	53,853

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities. Including with banks and financial institution, foreign transactions and other financial instrument.

The Company trades only with recognized, credit worthy third parties. It is the Company's policy that all client who wish to tread on credit terms are subject to credit verification procedures, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party. The company manages its operation to avoid any excessive concentration of counter party risks and the company takes all reasonable steps to ensure that the counter parties fulfil their obligations.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit Risk Exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions. (Without consideration of collateral, if available)

As at 31st March 2026	Cash and Cash Equivalent Rs	Trade and Other Receivables Rs.	Short Term Deposits Rs.	Total Rs.	% of Allocation
Trade and Other Receivables	-	6,418,577	-	6,418,577	4.12%
Cash and Cash Equivalent	14,735,756	-	-	14,735,756	9.46%
Short Term Deposits	-	-	134,569,687	134,569,687	86.42%
	14,735,756	6,418,577	134,569,687	155,724,020	100%

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

As at 31st March 2025	Cash and Cash Equivalent Rs.	Trade and Other Receivables Rs.	Short Term Deposits Rs.	Total Rs.	% of Allocation
Trade and Other Receivables	-	6,720,466	-	6,720,466	4.64%
Cash and Cash Equivalent	2,578,055	-	-	2,578,055	1.78%
Short Term Deposits	-	-	135,635,429	135,635,429	93.58%
	2,578,055	6,720,466	135,635,429	144,933,950	100%

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low based on the terms with which the long standing business relationship with the customer base.

Trade Receivable Credit risk exposure disclosed in Note 8.1

Liquidity risk

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

The following are the remaining contractual maturities at the end of reporting period of financial liabilities. Including estimated interest payments and excluding the impact of netting agreements.

As 31st March 2026	Carrying Amount Rs.	2 Months or less Rs.	2 – 12 Months Rs.	1 – 2 Year Rs.
Trade Payable	3,680,467	3,680,467	-	-

As 31st March 2025	Carrying Amount Rs.	2 Months or less Rs.	2 – 12 Months Rs.	1 – 2 Year Rs.
Trade Payable	2,848,735	2,848,735	-	-

Capital management

Capital includes the equity attributable to the equity holders.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026.

The Company's capital structure comprise of Stated Capital and Borrowings which are disclosed in Note 11 respectively.

BANSEI ROYAL RESORTS HIKKADUWA PLC

SHAREHOLDERS & INVESTOR INFORMATION

Year ended 31 March 2026

TWENTY LARGEST SHAREHOLDERS

NO	NAME OF SHAREHOLDER	NO OF SHARES AS AT 31/03/2026	%	NO OF SHARES AS AT 31/03/2025	%
1	Bansei Securities Co. Ltd	20,953,677	39.00	20,953,677	39.00
2	Hikkaduwa Hotel Holdings (Private) Limited	16,655,923	31.00	16,655,923	31.00
3	Veritas Holdings (Pvt) Ltd	5,372,800	10.00	5,372,800	10.00
4	Bansei Holdings Co. Ltd	5,372,800	10.00	5,372,800	10.00
5	Mrs. C.V. Perera	1,009,542	1.88	1,009,542	1.88
6	Mr. D.S.K. Karunaratne	895,400	1.67	895,400	1.67
7	Mr. J.V.W. Malawana	630,142	1.17	662,031	1.23
8	Mr. T.G.S. Wickrama	626,845	1.17	624,845	1.16
9	Mr.H.G.Jansz	250,000	0.47	-	-
10	DR.S.M.Thenabadu	146,139	0.27	97,175	0.18
11	Merchant Bank of Sri Lanka & Finance PLC 01	136,350	0.25	-	-
12	LOLC Finance PLC/N M Amarawickrama	104,424	0.19	-	-
13	Mr. G V Sanjaya	100,507	0.16	100,507	0.19
14	Mr. A.P.P. Ekanayaka	87,540	0.16	10,101	0.02
15	Merchant Bank of Sri Lanka & Finance PLC/Y R P De Silva	77,080	0.14	77,080	0.14
	Mr. Y R P De Silva	15,276	0.03	15,276	0.03
16	DR. G S Perera	60,000	0.11	60,000	0.11
17	Senkadagala Finance PLC/R.M.S.P.R.Bandara	53,306	0.10	-	-
18	Mr. A.P. Gamage	50,181	0.09	50,181	0.09
19	Mr. S.S. Miranda	48,319	0.09	48,319	0.09
20	DR. S.M.D.C.W. Senarathne	44,970	0.08	750,001	1.40
TOTAL		**52,691,221**	**98.03**	**52,755,658**	**98.19**

BANSEI ROYAL RESORTS HIKKADUWA PLC

SHAREHOLDERS & INVESTOR INFORMATION

Year ended 31 March 2026

DISTRIBUTION OF SHAREHOLDINGS – 31ST MARCH 2026

Value Band			Resident			Non – Resident			Total		
			No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%
1	-	1,000	705	167,646	0.31	2	301	-	707	167,947	0.31
1,001	-	10,000	85	289,034	0.54	1	2000	-	86	291,034	0.54
10,001	-	100,000	36	954,470	1.78	1	60,000	0.11	37	1,014,470	1.89
100,001	-	1,000,000	8	2,889,807	5.38	-	-	-	8	2,889,807	5.38
1,000,001	&	above	2	22,028,723	41.00	3	27,336,019	50.88	5	49,364,742	91.88
TOTAL			**836**	**26,329,680**	**49.01**	**7**	**27,398,320**	**50.99**	**843**	**53,728,000**	**100.00**

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	2025/2026			2024/2025		
	No of Shares	No of Shareholders	%	No of Shares	No of Shareholders	%
Individuals	4,856,285	814	9.04	5,121,434	716	9.53
Institutions	48,871,715	29	90.96	48,606,566	26	90.47
Total	53,728,000	843	100.00	53,728,000	742	100.00

	2025/2026	2024/2025
Opening Share Price	Rs. 17.30	Rs. 12.90
Last traded share price	Rs. 21.00	Rs. 17.30
The float adjusted market capitalization as at 31st March	Rs. 112,828,800	Rs. 92,949,440
The Market capitalization as at 31st March	Rs. 1,128,288,000	Rs. 929,494,400

BANSEI ROYAL RESORTS HIKKADUWA PLC

REAL ESTATE PORTFOLIO

Year ended 31 March 2026

Classification	Company	Location	Land/ Building	Last Revaluation Date	Land extent (Perches)		Building		Fair value as at 31/03/2026 Rs.
					Leasehold	Freehold	No of Buildings	Building in sq.ft	
PPE	Bansei Royal Resorts Hikkaduwa PLC	No.340 Galle Road, Hikkaduwa	Land	31.03.2023		48.43			145,290,000
PPE	Bansei Royal Resorts Hikkaduwa PLC	No.340 Galle Road, Hikkaduwa	Building	31.03.2023			1	25,592	222,035,000
PPE	Bansei Royal Resorts Hikkaduwa PLC	No. 281, Galle Road Hikkaduwa	Land	31.03.2023		62.49			115,600,000
PPE	Bansei Royal Resorts Hikkaduwa PLC	No. 291/10, Galle Road Hikkaduwa	Land	31.03.2023		8.002			9,202,300
PPE	Bansei Royal Resorts Hikkaduwa PLC	No. 291/10, Galle Road Hikkaduwa	Building	31.03.2023			1	3,735	13,072,700

Valuation has been done by Mr.P.P.T. Mohideen,
Chartered valuation surveyor,
RICS Registered valuer ,
No. 18A, Schofiels Place,
Colombo 03.

CORPORATE INFORMATION

NAME OF THE COMPANY

Bansei Royal Resorts Hikkaduwa PLC

FORMER NAMES OF THE COMPANY

Coral Rock Hotels (Private) Limited
Bansei Royal Resorts Hikkaduwa Limited

LEGAL STATUS

A Limited Liability Company incorporated in Sri Lanka under the Companies Ordinance as a Private Company on 22nd February 1973 and re-registered under Companies Act No.07 of 2007 on 29th December 2010. The Company changed its status to a Public Limited Company with effect from 6th March 2014. In March 2014, its shares were Listed on the Dirisavi Board of the Colombo Stock Exchange and accordingly the Registrar of Companies issued the Public Listed Company (PLC) Certificate with effect from 8th August 2014.

REGISTRATION NUMBER

PV 20150 PQ

ACCOUNTING YEAR END

31st March 2026

REGISTERED / BUSINESS OFFICE

Level 04, West Tower,
World Trade Center,
Colombo 01.

Tele : +9411 2339135
Fax : +9411 2339138
Web: www.bansei-resorts.lk

HOTEL ADDRESS

No.340, Galle Road,
Hikkaduwa.

BANKERS

Commercial Bank PLC
Pan Asia Banking Corporation PLC
Hatton National Bank PLC

BOARD OF DIRECTORS

Mr. A Y M Warnakulasooriya
Chairman (Independent/ Non-Executive Director)

Mr. T Murakami
Deputy Chairman (Non-Executive Director)

Mr. H Ota
Director/Chief Executive Officer

Dr. R D R Perera
Independent/Non-Executive Director

Mr. N Hobo
(Non-Independent/ Non-Executive Director)

Mr. C L Godamanna
(Independent/Non-Executive Director)

Mr. R S V Dharmapala
(Independent/ Non-Executive Director)

COMPANY SECRETARIES & REGISTRARS

Corporate Arcade Ltd
No.9/4, Edmonton Road,
Kirulapone,
Colombo - 06.

Tel : 2514421
E-Mail : cal@sltnet.lk

AUDITORS

M/s. Ernst & Young
Chartered Accountants,
Rotunda Towers,
No 109, Galle Road,
P.O.Box 101,
Colombo 03.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE 52nd ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF BANSEI ROYAL RESORTS HIKKADUWA PLC WILL BE HELD AS AN ONLINE AUDIO-VISUAL MEETING ON FRIDAY THE 07TH AUGUST 2026 AT 11.00 A.M. FOR THE FOLLOWING PURPOSES:

AGENDA

1) To receive and consider the Report of the Board of Directors and the Audited Financial Statements for the year ended 31st March 2026 together with the Report of the Auditors thereon.

2) To declare a First and Final dividend of Rs.0.20 per share for the Ordinary Shareholders for Financial Year under review.

3) To re-elect Dr. R D R Perera, a Director, who retires by rotation in terms of Article 24(6) of the Articles of Association of the Company.

4) To re-appoint M/s. Ernst & Young, Chartered Accountants, Auditors of the Company, for the ensuing financial year 2026/2027 and to authorize the Board of Directors to determine their remuneration.

5) To authorize the Board of Directors to determine contributions to charities and other donations for the financial year 2026/2027.

6) To transact any other business of which due notice has been given.

BY ORDER OF THE BOARD

Sgd/-

CORPORATE ARCADE LTD
Company Secretaries

17 July 2026

Note:

The Board of Directors, have decided to hold the Annual General Meeting (AGM) through Audio or Audio/ Visual means in conformity with the regulatory provisions of the Company.

Please refer instructions to participate at the Annual General Meeting via online

INSTRUCTIONS TO PARTICIPATE AT THE ANNUAL GENERAL MEETING (AGM)

a) Shareholders who wish to participate at the AGM (on-line) are requested to email the following information to **bansei.agm@gmail.com**

Details of shareholder		
1. Full name		
2. Address		
3. National Identify Card number / Company Registration number		
4. CDS Account number		
5. Contact number	Landline:	Mobile:
6. Email address (to which the on-line meeting link should be forwarded by the Company)		

b) A Shareholder is entitled to appoint a proxy to participate and vote (on- line) on his/her behalf.

c) A Proxy Holder need not be a shareholder of the Company. A Form of Proxy is enclosed for this purpose.

d) The completed Form of Proxy should reach 48 hours before the time fixed for the Annual General Meeting, either by:

(i) Post or hand delivered to the Company Secretaries, Corporate Arcade Ltd situated at No.9/4, Edmonton Road, Colombo 06

or

(ii) Scanned and emailed to the email address: **bansei.agm@gmail.com**

Only registered Shareholders and registered Proxy Holders will be permitted to log in to participate at the AGM via on-line.

FORM OF REQUEST

BANSEI ROYAL RESORTS HIKKADUWA PLC

Annual Report 2025/2026

FORM OF REQUEST for printed version of the Annual Report of Bansei Royal Resorts Hikkaduwa PLC, for the Financial Year 2025/2026.

To: The Company Secretaries
Corporate Arcade Limited
No.9/4, Edmonton Road,
Colombo - 06

Dear Sir / Madam,

BANSEI ROYAL RESORTS HIKKADUWA PLC
ANNUAL REPORT FOR THE FINANCIAL YEAR 2025/2026

I/We would like to receive the printed version of the Annual Report for the Financial Year 2025/2026 of Bansei Royal Resorts Hikkaduwa PLC

I will collect a copy from your office	
Please handover a copy to bearer of this signed form	
Please mail it to my address given below	

Full Name of Shareholder :.....

Shareholder's NIC/Passport/Company Registration :.....

CDS No. :.....

No. of Shares held :.....

Postal Address :.....

Contact No. :.....

E-mail ID :.....

Signature :.....

Date :.....

NOTES

NOTES

BANSEI ROYAL RESORTS HIKKADUWA PLC

REGISTRATION NO. PV 20150 PQ

4TH FLOOR, WEST TOWER, WORLD TRADE CENTER, COLOMBO 01

CIRCULAR TO SHAREHOLDERS

Dear Shareholder,

The Board have decided to convene the 52nd Annual General Meeting (AGM) of the Company to be held on Friday, the 07th August 2026 at 11.00 a.m via an on-line platform, in conformity with the regulatory provisions of the Company.

REGISTRATION PROCEDURE

Those Shareholders and Proxy holders who wish to participate via audio or audio and visual should notify the Company through the Company Secretaries of such intention by duly completing the REGISTRATION FORM and posting or delivering to the Company Secretaries, Corporate Arcade Limited situated at No.9/4, Edmonton Road, Colombo 06, or scan and email to the email address: **bansei.agm@gmail.com**.

APPOINTMENT OF PROXY HOLDERS

The Shareholders are encouraged to vote by Proxy through appointment of a Member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the meeting in the Form of Proxy. The duly completed Form of Proxy should receive by the Company Secretaries not less than Forty-Eight (48) hours prior to the time appointed for holding the AGM. Where the Proxy holders are concerned, please note that the login information will only be shared with those valid proxy has been submitted by the respective Shareholder.

PARTICIPATION VIA ONLINE MEETING PLATFORM

The login information will be authorized only for the use by individual Shareholders, Proxy holders and authorized representatives in case of Institutional Shareholders and the Company will not be responsible or liable for any misuse.

Shareholders may send their questions / comments on the items listed in the Agenda of the Notice Convening the AGM by email to bansei.agm@gmail.com or by post to the Company Secretaries Corporate Arcade Limited situated at No.9/4, Edmonton Road, Colombo 06, not less than 3 days before the holding of the meeting.

Voting on the items listed in the Agenda will be registered by using an online platform or a designated ancillary online application. All of such procedures will be explained to the Shareholders prior to the commencement of the meeting by the Company or its Organizers.

The Annual Report, Form of Proxy and other connected documents will be hosted in the Company's Website *www.bansei-resorts.lk* and the Official website of the Colombo Stock Exchange www.cse.lk

Any queries that the Shareholders may have in relation to the documents hosted online can be directed to the following;

NAME	:	Mr.D.S.Ranasinghe
DESIGNATION	:	Accountant
EMAIL ID	:	accountant@bansei-resorts.lk
CONTACT NO.	:	0774777846

BY ORDER OF THE BOARD

Sgd/-

CORPORATE ARCADE LTD

COMPANY SECRETARIES FOR

BANSEI ROYAL RESORTS HIKKADUWA PLC

17 July 2026

FORM OF PROXY

I/We ……..……..……of .....……

.....…… being a Member/Members of Bansei Royal Resorts

Hikkaduwa PLC hereby appoint…….

holder of NIC No……..……..of ……

……..…. or failing him /her

ANURA YOSHIYO MATSUDA WARNAKULASOORIYA of RATHMALANA whom failing

TOYOHIKO MURAKAMI of Japan whom failing

HIROYUKI OTA of Japan whom failing

RAMBANDAGE DHANUSHKA RAVILAL PERERA of Kegalle whom failing

NOBUHITO HOBO of Japan whom failing

CHAMIKA LAKSHAN GODAMANNA of Colombo 05 whom failing

RANASINGHAGE SRILAL VIPULA DHARMAPALA of Hokandara South

as my / * our proxy to represent me / * us on my/ * our behalf as indicated below at the 52nd Annual General Meeting of the Company to be held on Friday the 07th August 2026 and at any adjournment thereof.

Please indicate your preference by placing a ☑ against the Resolution No.

		For	Against
1.	To receive and consider the Report of the Board of Directors and the Audited Financial Statements for the Year ended 31st March 2026 together with the Report of the Auditors thereon.		
2.	To declare a First and Final dividend of Rs. 0.20/- per share for the Ordinary Shareholders for financial year under review		
3.	To re-elect Dr. R D R Perera, a Director, who retires by rotation in terms of Article 24(6) of the Articles of Association of the Company.		
4.	To re-appoint M/s. Ernst & Young, Chartered Accountants, Auditors of the Company for the ensuing Financial year 2026/2027 and to authorize the Board of Directors to determine their remuneration.		
5.	To authorize the Directors to determine contributions to charities and other donations for the year 2026/2027.		

As witness my/ our hand/s this .....……day of ....……..... 2026.

……. …….

NIC NO. / REG. NO. **SIGNATURE**

INSTRUCTIONS FOR THE COMPLETION OF PROXY

1. Please perfect the form of proxy overleaf, by signing in the space provided and filling in the date of signature, after filling in legibly your full name and address.

2. Please return the completed Form of Proxy after deleting one or other of the alternative words indicated by asterisks in the body of the form, if he/she wishes, his/her Proxy Holder to participate at the AGM via online.

3. To be valid, completed form of Proxy should be deposited either by e-mail bansei.agm@gmail.com or by post or delivered to the Company Secretaries at No.9/4, Edmonton Road, Colombo 06, not less than 48 hours before the time appointed for the holding of the meeting.

4. If the form of Proxy has been signed by an Attorney, the relative Power of Attorney should also accompany with the completed form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

5. If the Shareholder is a Company or a Corporate Body, the Proxy should be executed under its Common Seal (where applicable) in accordance with its Articles of Association or Constitution.

6. If there is any doubt as to how the vote is to be exercised by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded.

PARTICIPATION AT THE AGM - Please tick the cage below

	Online
My Proxy holder is willing to participate at the AGM	

…….…..... …….…….....

Signature of Shareholder Signature of Proxyholder